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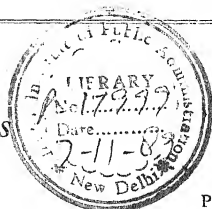
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## Our Contributors

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DR. BERND HAMM is Professor, Department of Sociology, University of Trier, West Germany.

DR. ARUN KUMAR is on the faculty of the Centre for Economic Studies and Planning, School of Social Sciences, Jawaharlal Nehru University, New Delhi.

DR. T. KRISHNA KUMAR is Professor, Centre for Human Settlements and Environmental Studies, Indian Institute of Management, Bangalore.

SHRI Y.S. PUROHIT is Lecturer in Economics, Shri Jayendra Puri Arts and Science College, Broach.

SHRI M. JOHNSON SAMUEL is Research Analyst, Population Research Centre, Institute for Social and Economic Change, Bangalore.

DR. CHANDAN SENGUPTA is on the faculty of the Unit for Urban Studies, Tata Institute of Social Sciences, Bombay.

SHRI VINOD K. TEWARI is on the faculty of the Centre for Human Settlements and Environmental Studies, Indian Institute of Management, Bangalore.

### Book Reviews

DR. GANGADHAR JHA is Lecturer of Urban Studies, Centre for Urban Studies, Indian Institute of Public Administration, New Delhi.

DR. R.N. THAKUR is Reader in Sociology and Social Administration, Indian Institute of Public Administration, New Delhi.

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## *A Perspective on Urbanisation and Urban Land Policy*

ARUN KUMAR

THE PROCESS of growing urbanisation in various parts of the world appears to be historically inevitable. It has occurred simultaneously with the growth of material prosperity and, therefore, has been viewed by most analysts as a process to be welcomed. In India too, in the twentieth century, urbanisation (measured as the ratio of urban to total population) has been on the rise at least since the inter-war years.<sup>1</sup> However, in comparison with the advanced countries of the world, urbanisation in India lags far behind. It has, therefore, been suggested that the country has a long way to go.

In this vein, the Task Force on urbanisation set up by the Planning Commission suggests, "the actual level of urbanisation in India is quite close to the trend line for the world, it is, therefore, difficult to argue that the level of urbanisation in India is too high in any sense. It is as would be predicted from the level of economic development in the country and the structure of the economy". It goes on to argue that "India is not faced with an 'urban explosion'" and that India's urbanisation is one that should be regarded as normal and should be expected.<sup>2</sup>

This note of welcome to the process of urbanisation is in direct contrast to the view expressed by some others that the process of rapid growth is not desirable for India and that steps should be taken to halt this process if not to reverse it. This strand of opinion is based on the Gandhian notion of building self-supporting village communities and decentralisation of power, etc. The idea behind these arguments is that urban agglomerates, large and small, are dehumanising and alienating. This logic, in turn, stems from a somewhat romantic notion of the old village societies and represents a desire to go back from the artificiality of city life to the more 'natural'

<sup>1</sup>Government of India, Planning Commission, *Report of the Task Force : I, Planning of Urban Development*, 1983, p. 21.

<sup>2</sup>*Ibid.*, p. 330.

existence of the village society.

In a variant of the above, the argument against urbanisation is presented only as an argument against the development of large urban agglomerates. This is essentially a view in favour of planned urbanisation. The idea is that the process of urbanisation must continue except that it ought to be planned such that smaller towns develop relatively faster and take the pressure off from the metropolitan cities. The problems of large urban agglomerates are specifically recognised.

The Task Force report argues against both the alternative formulations. Against the former, it says, "The thinking behind these policies has betrayed a fear of urbanization".<sup>3</sup> As for the latter line of argument, it says that, "It is important to recognise that not a single metropolitan city.. has yet started manifesting diseconomies of scale..." "With wisely conceived schemes of reconstruction and reden-sification of city cores and peripheries they will continue to thrive indefinitely".<sup>4</sup> It criticises the policy maker who thinks otherwise and suggests that they reorient their thinking, "on the role of small and medium towns as *alternatives* to the growth of the large cities."<sup>5</sup>

However, the view for urbanisation as expressed in the Task Force report itself ignores the historical reasons for the observed pattern of urbanisation. The social relations behind the process are completely ignored. The report does not evaluate either the past failures or the potentialities of the future in a historical perspective except for projecting trends from the past and treating most of the observed shortcomings as a result of deviation from the market. It has not been recognised that inequality and concentration in society have invariably bred further inequality and concentration. The rapidly changing technology, specially in the fields of communications, has been completely ignored in assessing the desirability of further urbanisation in India. The high elasticity of substitution between land and non-land factors which is supposed to be an important cause of the urbanisation process and its growing concentration may not remain so crucial with modern technological developments.<sup>6</sup>

In any discussion of future urbanisation, even if one does not consider the uncertain effects of changing technology, one does have to consider factors, like the absolute size of the urban population, the absolute size of our metropolitan cities, their need for resources for

<sup>3</sup>Government of India, Planning Commission, *Report of the Task Force*, *op. cit.*, p. 21.

<sup>4</sup>*Ibid.*, pp. 8-9.

<sup>5</sup>*Ibid.*, p. 149

<sup>6</sup>The experience of many European and North American cities is that as a result of these developments, changes in preference, etc., suburbs have grown and led to a decline of many of the city core areas.

their development, the low per capita incomes in the country and the consequent decay of cities.

The urban population of India is large in absolute numbers and the populations in some of the metropolitan cities are already as large as in the largest cities in the world. The historical experience of managing such large urban agglomerates suggests that they need enormous resources, something that the low per capita incomes of people populating Indian cities cannot afford. These cities are slated to become even larger in the coming decades hence requiring not only greater resources but also posing problem which have historically never been faced by other cities.<sup>7</sup>

It would appear that if instead of fitting India on a trend line of urbanisation vs. per capita incomes one was to look at city size vs. their per capita incomes, the cities of the world would fall in bunches rather than on a line. Indian cities would not display the historical pattern followed by their counterparts in the advanced countries.

However, the above only explains the continuing breakdown of our urban areas whose populations cannot afford the necessary minimum infrastructure. What is needed further is to understand and develop the historical perspective in which this process can be understood. Without such an analysis, remedies will only be piecemeal and only then can it be understood that the ills of our urban areas are not simply failures of the free market which can be corrected by reducing interference by the government. The need is to change the market itself to tackle urbanisation related problems in India. A radically new thinking is required on the subject.

Historically, the process of urbanisation appears to have begun with development of trade centres. These centres also became administrative centres due to the access they provided to their hinterlands and to other trade centres. These centres also provided opportunities for industrial growth because of availability of the necessary infrastructure. Access through developed transport meant raw materials could follow in and manufactured products could flow out. Credit facilities and other services needed for trade were available.

Development of industries not only created jobs directly but also indirectly by creating need for more services. Availability of concentrations of populations, infrastructure, etc., allowed economies of scale to be utilised and created a further impetus for industrialisation. Simultaneously, ancillarisation and small-scale production for local consumption also developed in the cities. However, as the size of

<sup>7</sup>In the case of Delhi city, planning for the future growth of the National Capital Region (NCR) and the Delhi Metropolitan Area (DMA) has already posed enormous problems and the requisite finances are no where in sight. The prospect is haphazard growth and mounting problems.

the cities and industries grew, specialisation occurred with larger industries moving to the periphery of the cities and the cores concentrating on providing services.

It needs to be emphasised that these processes were more or less simultaneous but growing in scale and leading to the growth of the urban centres. The process of urbanisation was accelerated by the in-migration of populations from rural areas. This was a result not only of the differentials in incomes and availability of employment opportunities between the rural and urban areas but also of the fact that industrialisation led to the break up of production in rural areas. This proletarianisation released skilled labour for employment in the industries and expanded the market for the produce of industries. Thus both pull and push factors were simultaneously operating as a part of the same process to promote urbanisation in industrialising societies.

Accompanying the above process was the growth of productivity in agriculture and industry. This led to increases in the national per capita incomes. As such, it is not surprising that historically urbanisation and industrialisation have been accompanied by growing per capita incomes. However, this trend does not conclusively prove that the historical process would continue or that urbanisation is desirable because it is a proxy for progress.

Clearly, the growth of urban centres was dependent on the concentration of infrastructure at certain sites. Historically, all one can conclude is that concentration led to further concentration and created greater differentiation. This was equally true between rural and urban areas, between the different urban centres themselves and between the different countries. At times, administrative intervention has created certain urban centres in areas previously underdeveloped but otherwise the operation of the market mechanism has historically led to growing concentrations.

An alternative scenario to the above is that if the transportation network had been uniformly developed, industries may have preferred to locate near natural resource centres as opposed to the present locations. In the Indian context, it has been claimed that the need of the British empire created the railway network in such a manner as to allow them to move goods in and out of the country and this then dictated the location of urban centres. Further, it is argued that development of inland river transportation may have led to a different pattern of urban development in India.

#### URBANISATION AND INDUSTRIAL GROWTH

In India, the data indicate that the process of rapid urbanisation began during the inter-war years. This was also the period of growth

of industry. However, the process seems to have really accelerated in the post-independence period. This period has been considerable growth in industry but it is the services sector which has expanded the fastest.<sup>8</sup>

It also needs to be considered that the capital output ratio has sharply risen so that in spite of an increase in the savings propensity in the economy, the economic growth rate has not gone up. As a consequence, the per capita incomes have increased only gradually. Further, due to a rapid rise in the capital labour ratio, the generation of employment in the organised sector has been very slow. This has tended to raise unemployment, specially amongst the educated and forced (along with other factors like, government policies in favour of the small scale) the growth of the unorganised sector in industry and in the services sector. These employ low paid labour.

The underemployed and unemployed in rural areas have flocked to the cities in search of opportunities and added to the growing pool of low paid unskilled labour in the unorganised sector. It has also been suggested that the growth of opportunities in unproductive activities has diverted investments from productive activities and slowed down the overall economic growth rates. The proliferation of luxury construction, hotels, restaurants, tourism, entertainment industry, foreign travel, etc., are cited as examples. Additionally, these activities also have a large involvement of black economy which is now generating its own momentum for continuation of these activities.

In other words, the overall growth rate in the economy is low and continues to be so. Thus, the labour released by productivity increases in the economy does not find alternative opportunities fast enough in similar jobs. This implies a growing marginalisation of large sections of the population, *i.e.*, the growth process is excluding rather than including large sections of the population. These marginalised sections have been aggregating in urban areas in search of opportunities and today constitute a major fraction of the urban population.

On the one hand, this process has forced the growth of urban areas. This through the normal process of expansion of cities has meant that land prices have rapidly increased.<sup>9</sup> The process includes the expansion of cities, increased facilities, improvements in infrastructure, change in zoning laws including more intensive development

<sup>8</sup>The figures are available in the NAS. However, if one also considers the growth of the black economy, the contrast in the growth rates may turn out to be even greater.

<sup>9</sup>In a city like Delhi, in central city areas, land prices have shot up between the Nineteen Fifties and the present from around Rs. 100 per sq. yd. to around Rs. 6,000 per sq. yd. Over a similar time span, at the urbanisable periphery the prices have risen from a few Rs. to the present rates of around Rs. 400 a sq. yd.

of land, scarcity of centrally located land and general inflation. All these together have meant that prices of urban real estate have risen faster than the general level of prices (see next section). The one way rise of real estate prices has led to successful speculation and a further pressure on prices. The rapid rise in land prices has meant that cost of providing infrastructure and services in urban areas has also sharply risen.

On the other hand, the capacity of a bulk of the urban population to pay for the services has declined due to their marginalisation. People benefiting from land price rise have refused to pay for the services by resorting to legal and illegal means. Thus, property taxes which form a major source of finance of local authorities have not shown the buoyancy which should have been visible with increases in property values. Hence even the maintenance of the urban infrastructure has become difficult without subsidy from other sources.

This has led to a decay of urban areas, failure of public policy and use of land as a tool of political manipulation. Expensive urban real estate has been used as a bait to build vote banks amongst the middle classes and the poor. Encroachment on public land is encouraged through developers with political patronage. These areas come up in an unplanned fashion and are provided rudimentary services and ultimately regularisation over a period of time during which political mileage is sought to be obtained. Legal land allotments also become a matter of patronage. The overheads of public agencies involved in urban development and planning increase due to such interference and manipulation and lead to further failure of policy.

In essence, the market forces in India have led to a pattern of urbanisation which causes a breakdown of the urban areas. This is not to argue that public policy may not have failed or that corruption may not have been rampant in administration, etc. What is being suggested is that an urban policy basically working within the confines of the prevailing market forces (though interfering here and there) produces a kind of failure which then is mis-read by analysts as a policy induced failure.

To give an example, the Task Force report argues, "implied standards have been far too high for the economy of a low income country... and the Master Plans have remained on paper."<sup>10</sup> The conclusion is drawn, "Policy and Programme interventions have been half-hearted, loosely coordinated, to say the least, and even counter productive".<sup>11</sup> The Report also rules out an active and direct government policy in real estate when it states that there are.

<sup>10</sup>Government of India, Planning Commission, *Report of the Task Force*, op. cit., p. 128.

<sup>11</sup>*Ibid.*, p. 118.

"problems inherent in large scale real estate management vested in public authorities."<sup>12</sup> These are listed as administrative inflexibility and corruption. The remedy it suggests is urban land policy to help the market.

This perception of the Task Force Report on the necessity of the market orientation of the urbanisation policy misses out on the deeper underlying causes (as discussed). These are uneven development, concentration and differentiation. The question for a policy maker is how is the situation to be tackled and whether the trends are reversible ?

### URBAN LAND PRICES

Valuation of urban real estate is difficult because it is heterogeneous. This is a consequence of location characteristics, zoning provisions, access and infrastructure and the construction on the land.

Valuation of construction on land does not in principle pose a problem. One may take the replacement value less the depreciation. Thus, by netting out the value of construction from the value of any piece of real estate, one may arrive at the value of land alone. The per unit value of land so obtained depends on the other factors mentioned above and shows a high degree of heterogeneity.

Urban areas have historically evolved (as discussed in the previous sections) around a central nucleus through a process of aggregation and have expanded with the urbanised periphery moving outward. Depending on the geographical and transport characteristics, the expansion may not be uniform in all directions. As the city boundary moves outwards and the city specialises in providing services, land in the central areas<sup>13</sup> gets more intensively utilised. Where zoning laws exist, this is also legally provided for by allowing more intensive development of land.

Thus, the potential earning power of land in the city centre increases because of its unique position. The owner of the land, because of the monopoly he enjoys, is able to extract a larger rent, and hence the value of such land rises in comparison with the less central land. A pattern of land prices evolves over the city with per unit land prices falling as one moves out towards the periphery.

This pattern is modified by the zoning provisions, access and

<sup>12</sup>Government of India, Planning Commission, *Report of the Task Force, op. cit.*, p. 267.

<sup>13</sup>'Central' here does not refer to a geometrical centre but to the nucleus around which the city developed and which is generally the administrative and the commercial centre. Due to geographical reasons, in Bombay city, this area is at the southern tip of the urban area.

infrastructure characteristics.<sup>14</sup> However, for the moment if one can ignore all such variations on the assumption that these can be accounted for, one can concentrate on trying to analyse the differential in land prices between the nucleus and the periphery.

At the periphery of the city, urban land has alternate uses in agriculture. Thus there must be some parity between prices of agricultural and urban land at the periphery. Of course, agricultural land cannot be urbanised without development. This includes laying of roads, water and sewage pipes, provision of electricity and telephone cables, levelling and other infrastructure. Thus, urban land net of these costs of development must equal the value of agriculture land. However, if there are zoning laws which prevent the conversion of agricultural land at the periphery to urban land, a price differential would exist. No absolute supply bottleneck can be assumed. As long as land is available for urbanisation even if with a discontinuity, no absolute scarcity can be postulated. The price may equalise where land is allowed to be converted for residential purposes.

Therefore, we need to understand what determines the price of agricultural land at the urbanisable periphery? Classical Political Economy suggests that return on agricultural land, the rent from it, is a deduction from the surplus in production on it and is made up of absolute and differential ground rents. The differential rent is easier to understand as arising out of advantages due to location, differentials in productivity, and the use of different techniques of production. These differences along with the mobility of capital and the tendency for equalising rates of return on capital result in the emergence of the differential rent.

The process of surplus generation in society is dependent on the monopoly over ownership of means of production and the relative bargaining strength of the owners of the means of production *vis-a-vis* the workers. The stronger the bargaining position of the workers, the larger would be the wage share and consequently, the smaller the surplus left for the owners of the means of production.

If the bargaining power of capitalists in agriculture is greater than in industry and agriculture in general tends to be more labour intensive than industry then the surplus extracted and the rate of return in agriculture would tend to be higher than in industry. If such is the

<sup>14</sup>Commerical land generally has a higher value since its earning potential is larger. Land is designated for different uses by municipal laws. Certain areas called 'posh' have better access and infrastructure like availability of water and electricity, schools, green areas, sanitation and hence are preferred and command a premium. Further, within zones, a land close to an open drain or having an odd shape may command a lower price. Thus, prices may fluctuate around the trend line for various reasons.

case and mobility of capital between agriculture and industry is feasible then the excess rate of return in agriculture would slip out of the hands of the capitalists to the landlord as the absolute ground rent.

In the above analysis, an equalisation of the rates of return on capital has been used and this would apply to landlords as well who can think of land as one form of asset holding. Hence the value of agricultural land must be such that the stream of income (absolute and the differential ground rent) must yield a value which gives the average rate of return prevailing in the economy. The value of agricultural land must, therefore, be that obtained by capitalising the income stream (rent stream expected) at the average rate of return in the economy<sup>15</sup>. This is how the agricultural land at the urban periphery must be valued.

For any agricultural land outside the urban periphery, as the periphery comes closer, its access to the city tends to become better and the potential range of economic activity widens. Thus, it would tend to enjoy a higher differential rent. The increase in the city size also implies that the size of the market expands. Therefore, agricultural land at the periphery (shifting outwards) of the urban area would command a higher value as the city size expands. The absolute value of the rent would also increase with the increase in prices (inflation) and production (for roughly unchanged area of land cultivated).

The absolute ground rent would depend on rather more complex long run factors and may be taken to change little in the medium run. However, it would go up with inflation, not only because the prices are going up but also due to its redistribution effect in favour of the propertied classes.

To sum up, the return on the agricultural land at the urban periphery would go up due to inflation and due to increase in city size. The land value would also go up proportionately. The cost of development of this land for urban habitation would increase with inflation and the standards of urban living. The latter would broadly depend on the level of output in the economy. The value of urban land at the periphery (VP) would increase with city size ( $s$ ), rate of inflation and the level of output in the economy, *i.e.*, the nominal GDP ( $Y$ ). Formlly,

$$VP = f(s, Y, \dots): f_s, f_Y > 0.$$

As the city size increases, land in the city centre would be even more in demand because of its uniqueness and access characteristics and hence would enjoy an increased premium. As the price increases, the

<sup>15</sup>This definition would include return in the form of capital gains also. However, since it is difficult to know in advance how the rents would increase in the future, an alternative method may be to capitalise the current rent and to add to it the expected capital gain on the basis of past trends.

intensity of use would also increase and the price would increase further. In relation to the land at the periphery, central land would have a higher value due to differences in land use, intensity of land use and size of the city. Since the intensity of land use and the price rise are generally linked to the city size, one may simplify by arguing that value of central land (VC) relative to VP increases with the city size and difference in land use.

VC may be seen to be a mark up (r) on VP with the mark up increasing<sup>16</sup> with city size (s) and land use (u).

$$VC = (1 + r(s, u)) VP; r_s, r_u > 0.$$

Land in between the periphery and the core may be assumed to be valued in between VC and VP according to some rule depending on the distance from the city centre. There may be additional complications resulting from the existence of multiple cores, etc.

Clearly, s depends on the city population (N) and the average intensity of land use. However, the average intensity of land use changes very slowly since even if zoning laws are changed, reconstruction or additional construction takes place gradually. Thus,

$$\begin{aligned} s &= g(\sqrt{N} / \text{av. intensity}) \\ &= g(\sqrt{N}). \end{aligned}$$

The city population N increases not just due to the natural rise in its population but because of accretion of villages formerly outside its boundary and because of immigration. In India, for most urban areas, N is increasing much faster than the average population increase.

This urban population explosion produces a rising trend in urban land prices, with the central land in the cities leading the way since the mark up r also rises<sup>17</sup>. If the general inflationary trend is added on, the price rise is even faster. Since inflation affects all the components of VP, VP and, therefore, VC would rise at least as fast as the inflation rate. Further, every time there is an acceleration in the inflation rate the urban land price rise also accelerates. Even if the rate of inflation slackens, the land prices do not fall; only their rate of rise slackens. Thus urban land is not only a good hedge against infla-

<sup>16</sup>In the case of many cities of the world where the better off have preferred to move out to the suburbs due to rising intensity of land use and better access to work, residential areas in the city centre have decayed. This implies a declining for these areas.

<sup>17</sup>The phenomenon of declining areas of cities is not quite manifested in the case of the Indian cities since suburbs are not yet viable with their inadequate infrastructure and access characteristics.

tion but allows speculation. A speculator has only to predict accurately the start of an inflationary bout.

The implication of the above model for policy purposes is that with growing urbanisation, inflation and increases in the GDP, urban land prices are going to continuously rise, if the free market is allowed its play. These increases will be accentuated from time to time by the speculative behaviour. It can even be argued that the prices at the end of the speculative boom would not revert to old values because they tend to get built into changed use pattern, higher rent contracts and the expectations of the owners of properties. Thus, the prices would continue to rise at the trend rate from the high they achieve, *i.e.*, there is a parametric shift in the trend growth rate. As argued in earlier sections such a rapid rise in land prices would lead to a breakdown of urban areas and to policy failures.<sup>18</sup>

It may be argued that if rent is a deduction from the surplus in production, it cannot continue to grow much faster than the surplus, since it would sooner or later equal the surplus. Hence it is argued that the rate of rise in rent is bound to slow down. It is worth noting that the surplus itself as a percentage of the GDP may grow. According to NAS, the share of interest, rent and profits and dividends in value added has risen over the Seventies (from about 15 per cent in 1970-71 to about 20 per cent in 1979-80). Thus, rents can grow fast in absolute terms since the surplus is expanding, but can they grow much faster? It needs to be noted that only a very small fraction of real estate is transacted in any year and only a small percentage of rent contracts are renegotiated. The rise in rent or value of real estate, in a vast majority of the cases, is notional. Thus, higher rate of rise in rent as compared to the surplus can be sustained without it absorbing the entire surplus. Finally, more intensive use of land allows rents to rise without changing their share in the surplus.

Another implication is that the owners of real estate get a windfall gain due to the social process of urbanisation and improvements in the social infrastructure. A redistribution occurs in their favour. Thus, they should be made to pay for the upkeep of the social environment in the urban areas through higher property taxes. Those who are adversely affected, the propertyless, can hardly be expected to pay for it. However, an argument is often given that most people do not annually realise the capital gain accruing to them or even the higher rent because either the property is self-occupied or it is on fixed contract rent. Thus, their capacity to pay higher taxes is limited. The argument that in such cases property should be sold since the opportu-

<sup>18</sup>These include lowering of standards of living, inadequate infrastructure, encroachment on public land, short fall in property related taxes, etc.

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The implication of the above model for policy purposes is that with growing urbanisation, inflation and increases in the GDP, urban land prices are going to continuously rise, if the free market is allowed its play. These increases will be accentuated from time to time by the speculative behaviour. It can even be argued that the prices at the end of the speculationary boom would not revert to old values because they tend to get built into changed use pattern, higher rent contracts and the expectations of the owners of properties. Thus, the prices would continue to rise at the trend rate from the high they achieve, *i.e.*, there is a parametric shift in the trend growth rate. As argued in earlier sections such a rapid rise in land prices would lead to a breakdown of urban areas and to policy failures.<sup>18</sup>

It may be argued that if rent is a deduction from the surplus in production, it cannot continue to grow much faster than the surplus, since it would sooner or later equal the surplus. Hence it is argued that the rate of rise in rent is bound to slow down. It is worth noting that the surplus itself as a percentage of the GDP may grow. According to NAS, the share of interest, rent and profits and dividends in value added has risen over the Seventies (from about 15 per cent in 1970-71 to about 20 per cent in 1979-80). Thus, rents can grow fast in absolute terms since the surplus is expanding, but can they grow much faster? It needs to be noted that only a very small fraction of real estate is transacted in any year and only a small percentage of rent contracts are renegotiated. The rise in rent or value of real estate, in a vast majority of the cases, is notional. Thus, higher rate of rise in rent as compared to the surplus can be sustained without it absorbing the entire surplus. Finally, more intensive use of land allows rents to rise without changing their share in the surplus.

Another implication is that the owners of real estate get a windfall gain due to the social process of urbanisation and improvements in the social infrastructure. A redistribution occurs in their favour. Thus, they should be made to pay for the upkeep of the social environment in the urban areas through higher property taxes. Those who are adversely affected, the propertyless, can hardly be expected to pay for it. However, an argument is often given that most people do not annually realise the capital gain accruing to them or even the higher rent because either the property is self-occupied or it is on fixed contract rent. Thus, their capacity to pay higher taxes is limited. The argument that in such cases property should be sold since the opportu-

<sup>18</sup>These include lowering of standards of living, inadequate infrastructure, encroachment on public land, short fall in property related taxes, etc.

nity cost of occupying such a property is high is countered on the grounds that many old and infirm people cannot be expected to shift, etc.

In any case, it is also argued that a property once sold cannot be bought back by its owner since he has to pay various taxes, legal fees and brokerage so that he is actually worse off. It is said that people want the property for current use and not for any hypothetical appreciation in the market value.

The obvious policy implication of the above to prevent the urban areas from decaying is that either the process of urbanisation has to be slowed down and it should be dispersed or the free market in land must be altered so as to do away with the causes of policy failure. Possibly, a mix of the two would be necessary. The question is how can the land markets be altered. Adequate housing is a basic necessity for life. If the functioning of the free market deprives major sections of the populations of our country this basic necessity then government intervention becomes necessary. People who derive benefits from the existence of cheap labour in the cities will not pay for their upkeep and prefer to be free riders. The break down of the urban areas that results from high land prices is also a result of people not paying the taxes they ought to.

Thus in addition to the distributional consequences, in the language of public sector normative economics, the market is unable to adequately perform its allocative function also. Hence a case exists for government intervention in the land market in urban areas. In addition, the one way price rise leading to possibility of successful speculation in land also suggests government intervention in the land market. Simply regulating the market would not be enough since it has led to corruption and the emergence of the black economy. The following section takes up a possible remedy for these problems of breakdown of the land markets in urban India.

#### HOUSING PROBLEM

The above analysis suggests that public policy on urban real estate comes up against the operation of market forces which lead to further concentration and differentiation. The remedy must lie in reversing this trend. The issue is not simply one with distributional implications but there is also failure of the allocative function of the free markets.

Adequate housing is a basic need and the urban land market left to itself would not allow large sections of the population to obtain or have it. The National Building Organisation estimates housing shortage in urban areas in 1981 as 5 million dwelling units and this would increase by another 3.8 million units in 1985-90. This does not adequately reflect inadequacy of housing since the slum population is

currently estimated to be between 20 and 25 per cent of the urban population. For the major metropolitan centres the figure is between 35 per cent and 50 per cent. Further, the percentage of households in 1 room dwelling units was over 50 per cent in 1971 and this figure must be much higher. Even a redistribution through a once for all land allocation in urban areas would be inadequate since with rising land prices the opportunity cost of living in accommodation which becomes expensive with time increases and the property is sold off by those whose income is low.<sup>19</sup> This also does not take into account the problems of newly migrating families. One way or the other, the problem of inadequate housing would remain for the lower income groups of population.

To overcome this problem, minimum housing rights must be legally established. The onus of providing adequate housing (to be defined by law) must rest first with the employer and then the State in case of a self-employed. This would require creation of housing as a condition for creating employment. In this way, employers could be prevented from being free riders and made to share the cost of upkeep of the cheap labour they exploit.<sup>20</sup>

To face the problem of rising land prices and the consequent speculative bursts in prices, the land market must be reorganised such that speculation does not remain an attractive proposition. However, people should still be able to own and build real estate for themselves. This would require nationalisation of the *right to transfer* property (not nationalisation of ownership of property).<sup>21</sup> The implication is that real estate can be bought or sold only through the government. For this purpose, the government would declare land prices (worked out on the basis of some formula, may be the one suggested here) from time to time in different zones of each of the urban areas.

To prevent even the announced prices from rising rapidly, change in land use pattern (e.g., from residential to commercial or in the FAR) must be avoided in the city core. Further, policies which cause the cities to rapidly expand must be avoided. The obligation on the employers to provide adequate housing would help in this regard. Jobs would tend to be created in areas where land prices are lower, i.e., smaller towns. Improvements in telecommunications network would be essential if this trend is to be encouraged. In any case these policies

<sup>19</sup>In a survey, DDA is reported to have found that of the land allotted in slum redevelopment colonies (at the then periphery of Delhi) in 1975, 60 per cent of the plots had changed hands by 1980.

<sup>20</sup>This law must not be only for the urban areas but also for the rural areas. It should not be allowed to worsen the already inequitable conditions of living between the rural and urban areas.

<sup>21</sup>This idea was earlier suggested in Bhaduri (1981).

would have to be dovetailed into longer term policies for generation of employment in the backward regions of the country. Decentralisation of power to local areas (district and taluka levels) would also help.

Finally, the government must encourage the self-ownership of real estate as opposed to its rental through allowing appropriate tax concessions. Purchase of property through mortgage payments must be permitted and these instalments be tax deductible. Thus, for most of the households, it would pay to either live in free accommodation provided by the employer or to buy a house in comparison to taking a dwelling unit on rent. This would also mean that people would not be willing to pay a part of the rent underhand.

In any case, with the above suggestions, black payments associated with purchase or rental of real estate would decline. In a transaction involving black payment and an illegal transfer of property, but not involving the government, the purchaser would bear all the risk since the landlord or the seller would retain the legal title. The purchaser would never be able to realise any capital gains on his investment (if not sustaining a loss on being evicted) which in any case would be small if land prices rise little. Further, other landed property bearing a higher return (since it would bear no risk) would be always available.

The need for rent control laws would not exist since rents would only rise gradually. The above suggestions would also widen the market for real estate since people could buy and sell as per their needs defined by the family size or location of their employment (and of course the means).

It might be argued that tax concessions would only be relevant in the case of people paying income tax. For those paying little or no tax, there could be no difference between paying rent and mortgage instalments. However, the difference would still be that in the first case one would end up creating an asset for oneself. For those who are too poor to even pay mortgages, there would be no alternative but to depend on municipal housing or that supplied by the employer. Depending on the actual tax concessions and the family need, there would be a cut off point at which purchasing a house would become more attractive than renting a similar accommodation.

It may be argued that DDA in Delhi has tried to implement a similar scheme by banning the sale of any property provided by it for the first ten years of its existence but people circumvent it by resorting to a General Power of Attorney. What would prevent people from adopting a similar strategy to bypass the above suggestion and transact real estate? The Hundreded Fiftieth Report of the Public Accounts Committee of the Seventh Lok Sabha went into this question and concluded that these transactions are illegal and the purchaser bears the entire risk. Nonetheless the transactions go through (around a few

thousands each year) because under current laws occupancy is almost tantamount to ownership.

Notwithstanding the above, if the circumstances are changed as suggested above, since rents would not rise rapidly, tenants would not require the kind of protection they have needed till now and lease deeds could be strictly enforced in courts. It is also likely that courts would be less choked with cases and would be able to dispose of disputes far more expeditiously so that neither party would benefit from the legal delays, as at present. Further, a simple mechanism for a landlord to adopt in case of a tenant who is being difficult is to sell back the property to the government at the predetermined price. The government would then automatically obtain the property and have it vacated or may sell it to the tenant at the prevailing price. Thus the tenant would lose if he had made any under-hand payments to the landlord and as such would not consent to pay it in the first place.

The above discussion does not imply that nothing could go wrong. Yet what is being suggested is that under the changed circumstances, many of the questions that are currently discussed would not remain or would present themselves quite differently. One may ask the more fundamental question of implementability or the enforceability of the housing rights. The unemployed or those in the unorganised sectors may prefer to have a job rather than try and enforce their rights. After all, there are any number of legal provisions on the statute books which are not implemented. However, non implementation of legislation has not prevented the passing of more legislation. These are expressions of an intent and allow mobilisation to occur around these issues. Minimum Housing Rights could also play a similar role.

#### CONCLUSION

In conclusion, it may be emphasised that the process of urbanisation ought to be understood in its historical context as creating a growing differentiation and concentration in society. It is not necessarily an indicator of economic growth at least not for all. Economic growth is perfectly compatible with a far more even dispersal of population, specially in the context of changing technology in transportation and telecommunications.

The free market in land and the growing concentrations of populations in urban areas is forcing land prices to skyrocket. The economic processes are leading to marginalisation of large sections of the population in India which then also excludes them from adequate housing. The decay of urban areas is then caused by the inadequate living conditions of the bulk of their populations who are too poor to be able to afford the services necessary in urban areas. Those who gain from the

land price rise and the availability of cheap labour have been unwilling to shoulder the burden by becoming free riders.

Thus, the issues are not simply distributional but also allocative. Government intervention in the land market is necessary to ensure adequate housing to the population. Partial solutions which leave land prices free to shoot up are doomed to failure and appear as policy failures. Such failures lead to the strengthening of the forces calling for minimal government interference, deregulation and encouraging of private effort through appropriate incentives. As discussed, what is needed is quite the opposite; a break up of the free market land, recognition of minimum housing rights, greater provision of municipal housing and tax law changes to encourage self-ownership of real estate through provision of mortgage payments. □

# *Comparative Residential Differentiation*

BERND HAMM

EMPIRICAL RESEARCH in the theoretical tradition of social ecology has produced a number of comparative studies most of which have been cross-sectional (*e.g.*, Sweetser 1965, 1982; Friedrichs 1978 or the papers included in Berry 1971, 1972; Schwirian 1974, Theodorson 1961), and some of which have been longitudinal (*e.g.*, Murdie 1969, Hunter 1974). But probably all scholars in the field would agree that the comparative approach in social ecology was, although advocated since some decades (*e.g.*, Shevky and Bell 1955), rarely followed systematically, *i.e.*, based on a frame of reference indicating what was to be compared with what, and why (see, however, the efforts made by Friedrichs and his group). Thus, although an impressing body of empirical results has been obtained, they still remain somewhat disparate with respect to the questions asked, the methodology followed, and the variables used. A lack of integration is obvious (Janson 1980, and Hamm 1982 contributed efforts in this direction).

A basic prerequisite in comparing social phenomena between nations is an idea about what kind of variation is produced, and how and with respect to what it is expected to be explanatory. Here, the existing literature does not too often allow to deduct precise hypotheses: the adequate mode of research will rather be exploratory and, to a large extent, descriptive. This is the case with the study to be presented here, its principal target is to generate hypotheses on the basis of first descriptive evidence.

Comparative residential differentiation is at issue here. Census tract data of urban populations in 27 cities of five countries will be analysed and questions asked about possibly correlating factors on the national level. Section 2 of this paper will propose some lines of a theoretical frame of reference, with considerations about urban development and social change and about the convergence-divergence debate in urban theory. Section 3 describes data and methodology; and Section 4 will present first tentative empirical analysis. Summary and conclusions will allow to formulate some of the lessons learned in this exercise.

Comparative empirical research is a difficult undertaking and has to take into account deficiencies, compromise, and pragmatic solutions one would rather like to avoid. As impossible as it may appear sometimes, as necessary it is when we hope to overcome the blind alley of case study strategies followed in quantitative social ecology for at least three decades—this is the view held here with respect to urban residential differentiation in highly developed capitalist societies. The effort presented here hopes to change the traditional perspective and stimulate new research. It does so by explicitly taking into account new developments in urban theory since the early 1970s (Harvey 1973, Castells 1973 and others adhering to the New Urban Social Science approach). And it agrees with P. Saunders' impression that social ecology offers the most coherent of all urban theory perspectives, (Saunders 1981 : 48)—although he himself states that "urban sociology has lost the city as a specific object of analysis" (1981 : 278). It is, however, not the purpose of this paper to enter into a critical discussion with the new approaches proposed. Whatever spatial sociology can be, it will have to take into account what social ecologists have contributed to what they perceived as the 'urban'. The approach followed here is to some extent traditional ecology and makes use of its methodology. It does, however, extend the traditional scope of analysis into theoretical problems advocated by new 'urban' social scientists.

#### THEORETICAL FRAME OF REFERENCE

##### *Urban Development and Social Change*

Urban development is deeply tied into, and dependent of, processes of social change. In highly urbanised societies the two concepts become almost identical. This is, of course, commonplace knowledge and there is no necessity here to duplicate the large amount of reflections made on this point, by referring, *e.g.*, to the transition from medieval to industrial and from there to post-industrial society and the impacts such long range processes had on urbanisation and urban development. There are good reasons to assume that urban societies are most sensitive to reflect changes in their encompassing social systems, and in fact when we try to measure social change in any of its aspects, the data used mostly stem from urban areas. As fundamental as this general insight might be on the level of highly abstract concepts, as difficult it seems, however, to clarify in more-precise and operational ways the meaning of both terms in question. Therefore the lack of systematic comparative research mentioned above

Obviously, when talking about urban development and social change,

a systematic relationship between at least two levels is hypothesised, *i.e.*, the local level of urban areas on the one hand, and the societal level, on the other, where 'society' is usually equalized with 'nation' (the problems with such shorthand equalisation are convincingly pointed out by Wallerstein). A sociologist's approach to analysing social systems of whatever level includes three types of questions, (1) the question of differentiation, or inequality, (2) the question of networks, or dependency, and (3) the question of dynamics, or change over time, where change refers to differentiation and/or dependency. Thus, if we want to solve a context problem, we have two levels of social systems (national and urban) which are to be related to each other, and we have differentiation and dependency as the major dimensions of mutual relations, where differentiation and dependency denote processes rather than static situations.

Urban development is an incredibly complex phenomenon, as is social change. A virtually indefinite number of variables would be necessary to describe both processes in comprehensive ways. The task becomes much easier if we assume that even if complete enumeration of possibly relevant variables is simply impossible, there must be 'important' aspects of differentiation and dependency on the national and urban levels between which mutual relationships should exist beyond intuitive speculation. In other words: If relationships between the two levels do exist, it must be possible to detect them somewhere. What we might consider 'important' can at least in part be drawn from previous theory and research.

Traditional social ecology tell us that there are two major dimensions of urban differentiation, *i.e.*, specialisation of land use, and social segregation. A lot of efforts has been invested in classifying the relationships between the two (Burgess 1925, 1929; Quinn 1950; Hawley 1950; Hamm 1982; among many others). At least, there is general agreement that residential segregation is an important aspect of urban differentiation, and that socio-economic status, position in the life cycle, and ethnic-cultural background belong to the most relevant dimensions of social segregation (Peach 1975, Hamm 1982; and many others). The factorial ecology tradition has delivered enough empirical evidence to feel on fairly safe grounds here.

Social change is much more difficult to operationalise due to the large number of theoretical approaches and orientations we can find under this rubric, where each is followed by a specific type, and number of variables. Whatever type of theoretical orientation one might adhere to, functionalist or conflict theory, reductionist or hermeneutic, and even within these orientations, there will be no general agreement on how to measure social change. As arbitrary as it might seem at first glance, a decision has to be made (a problem which, by the

way, also pertains to social ecology, where all these theoretical orientations can be found (opposite to Saunders 1981: 74). For the purpose of this study, the Ecological Complex (Duncan 1959) is accepted as a theory of social change, with the proposed interaction of four sets of variables: population, social organization, environment, and technology. As this type of theory is usually interpreted as functionalist (see, among others, Saunders 1981: 73), it might be the place here to recall its surprisingly close affinity to Marxist theory where population, environment, and technology can easily be interpreted as productive forces, and social organization as productive relations. The purpose of this study, however, is mostly descriptive; so it might be sufficient to mention that fundamentally different types of interpretation are possible (Hawley 1984 was one of the first to point to such theoretical relationships).

In this study, the ecological complex is used as a heuristic device to select possibly relevant variables descriptive of social change. In this respect, previous work published by Gibbs and Martin (1958, 1962) was especially stimulating.

#### *The Convergence-Divergence Controversy*

In urban theory we can find two broad and general orientations: Convergence theorists assume that urban development tends to follow essentially the same paths all over the world, but with a timelag depending on the stage of development of given society. Consequently, they suspect, e.g., that urban development in Third World societies will follow very much the lines of Europe and North America in the course of industrialisation and modernisation. Perhaps their strongest argument lies in world system theories and their emphasis on internationalization, dependency, global division of labour, and unequal exchange (Myrdal, Wallerstein, Frank, Walton). Convergence theorists tend to detect phases in social development (as, e.g., Friedrichs *et al.*, 1985) and assume that such phases be paralleled by specific patterns of urbanisation, urban growth, and intra-urban differentiation. As much as urban processes may have differed in the past, they tend to converge to a common pattern as the world becomes an increasingly integrated and interdependent network.

This view is strongly opposed by divergence theorists where B.J.L. Berry (1973, 1976) is among the most prominent proponents. They maintain that urban processes by no means tend to parallel each other in different parts of the world but rather become increasingly unlike and unique because of different perceptions, problems, cultural resources, and planning capabilities.

At the core of the controversy we find, of course, different conceptions of social change and of urban development. It seems, in fact, that the debate can only exist because it is left unspecified, in both

positions, what the precise meaning of the two concepts is. If we start to make clear what exactly we are talking about, and how to measure it, the problem changes from opposite opinions to an empirical question. My own position is that it seems very likely that some aspects (*i.e.*, those which social ecologists termed biotic, (Park 1936) or sustenance organization, (Gibbs and Martin 1973) may better be understood in terms of convergence theory, while others might better be explained by the divergence approach.

### *Research Questions*

The entire research project, of which this paper can only present first partial results, dealt with four general research questions:

1. To what extent can urban residential differentiation be explained by factors of societal development of the nations included?
2. To what extent can urban residential differentiation be explained by the size of the respective urban population?
3. To what extent can urban residential differentiation be explained by the relative position of a city in the national urban system?
4. To what extent can urban residential differentiation be explained by growth or decline of the respective urban population?

It is, for reasons of the mass of data and analysis necessary, impossible to present the results for more than one of these questions here. As the first question seems to be the most interesting for the present discussion, and as it seems to be the most obscure, the paper will only elaborate on this context issue (see, for the other results and a more careful discussion, Hamm *et al.* 1987).

## RESEARCH STRATEGY DATA AND METHODS

### *Research Strategy*

To find out about possible relationships between characteristics of national development (independent variables) and urban residential differentiation (dependent variable) we have, first, to define and operationalise the two sets of variables.

National development was described in terms of the ecological complex. Fourteen measures were selected to operationalise each of the four constructs included in the model, *i.e.*, population, social organisation, environment, and technology, resulting in an initial data matrix of 56 variables for 89 countries. By means of factor analysis, the number of variables was reduced to 20, with five measures for each of the constructs (Table 1). Once again, factor analysis was applied, resulting in four factors (74.5 per cent of total variance

explained):

1. International economic affluency (INT, 72 per cent of common variance).
2. Import dependency (IMP) (13 per cent of common variance).
3. Export dependency (EXP) (9 per cent of common variance).
4. Inequality (INE) (6 per cent of common variance).

TABLE 1 VARIABLES USED FOR CLUSTERING COUNTRIES

- 
1. *Population*
    1. Female Net Reproduction Rate
    2. Per cent Urban in Total Population
    3. Per cent Metropolitan in Total Population
    4. Mortality Rate
    5. Birth Rate
  2. *Social Organisation*
    6. Gross National Product per capita
    7. Persons with Higher Education in Age Group 20-29
    8. National Income per capita
    9. Income Distribution (Gini-Index)
    10. Party Competition Index
  3. *Technology*
    11. Telephone Density
    12. Automobile Density
    13. Energy Consumption
    14. Artificial Fertilizer Consumption
    15. Television Density
  4. *Environment*
    16. Import of Food per capita
    17. Import of Energy per capita
    18. Export per capita
    19. Export plus Import per capita
    20. Import of Durables per capita
- 

Factor scores were estimated and used as variables to classify the 89 countries by means of cluster analysis. Of the ten clusters, five were retained representing industrialised countries, east and west (Table 2). One country was to be selected to represent each of the five clusters—in fact, however, this could not be strictly done because of the availability of data for urban residential differentiation. National contexts of the USA, Federal Republic of Germany, the Netherlands, Sweden and Norway, then were described by the factor scores for each of the four factors—they are used as independent variables in the present study (Table 3).

TABLE 2 CLUSTER ANALYSIS OF COUNTRIES: FIVE CLUSTERS OF HIGHLY DEVELOPED, INDUSTRIALIZED COUNTRIES (COUNTRIES INCLUDED IN PRESENT STUDY UNDERLINED)

<i>Cluster</i>	<i>Countries</i>
1.	Austria, CSSR, GDR, Ireland, Italy, Israel, Japan
2.	Belgium, Denmark, Finland, <u>Netherlands</u> , Norway, Sweden, Switzerland, Canada
3.	France, <u>FRG</u> , UK, Australia, New Zealand
4.	Poland, Portugal, Rumania, Yugoslavia, USSR
5.	<u>USA</u>

TABLE 3 FACTOR SCORES, 4 FACTORS, 5 COUNTRIES, BY 1970

	<i>INT</i>	<i>IMP</i>	<i>EXP</i>	<i>INE</i>
FRG	1.9315	0.2387	0.1461	0.3652
NL	0.5065	2.6990	0.6990	0.2192
N	1.0477	2.1248	0.3706	-0.6532
S	2.0521	0.9820	0.5415	0.5329
USA	3.9961	-1.3997	-0.5695	1.0914

A short comment on the country classifications seems appropriate as the factor scores will be used as independent variables to explain urban social segregation. Factor 1 seems to indicate national economic affluency, with highest loadings on the number of television sets, automobiles, GNP, chemical fertilizers, telephones and national income, all per capita. This is, of course, a measure on the aggregate level and does not inform about the distribution of such goods, or income, in the population. Income distribution is, however, given by factor 4. Factors 2 and 3 refer to economic dependency; imports per capita of durable goods, energy and food are the most important composites of factor 2, and all exports, and total foreign trade combined, per capita make factor 3.

The factor scores allow for a fairly clear rank order among the countries included in this study: the United States are first in national economic affluency, but also in income inequality, and last in economic dependency, imports and exports. Sweden follow in affluency and income inequality, with rank 3 on imports and rank 2 on exports. West Germany takes rank 3 on affluency and income inequality, and rank 4 on both imports and exports. Norway, with rank 4 on affluency, is second in import dependency, third on exports, and has the most equal income distribution. The Netherlands, finally, are last in economic affluency, first in external economic dependency, and

rank 4 in income inequality. It may be recalled here that the entire classification from which this grouping is a part was done for 89 nations, at approximately 1970. The factors described are uncorrelated (varimax rotation) only when all 89 nations are taken into account. For the small subset of nations included here, they are highly correlated with each other, as shown in Table 8.

The factors extracted can be interpreted as dimensions of social change, and for this purpose they have to be observed over time. By no means, however, they should be interpreted as axes of societal development in any teleological or normative sense. As economically strong the United States might be, *e.g.*, I am far from advocating that other nations will, or should endeavour to orient their own development towards the US pattern. So what we measure here are differences which might in the future be maintained or even accentuated, and not time-lags in development. The convergence-divergence controversy refers to social dynamics, and the present study is comparative static. It may lay grounds for testing the competing positions in the future but it is logically impossible to provide any empirical test here.

Dependent variables, on the other hand, were selected according to the research tradition of factorial ecology (Hamm 1982). Variables descriptive of position in the family life cycle, socio-economic status, housing, and foreign born population were: (1) submitted to factor analyses (here, only one of several versions is presented using 12 variables), and the factors interpreted with respect to the substantial dimensions they represent as well as with respect to the proportion of variance they accounted for. So we hoped to describe the dimensions of urban residential differentiation. (2) For a number of variables we calculated indices of segregation and dissimilarity (Duncan and Duncan 1955) to get an idea about the degree of urban residential differentiation. So we have the variances explained by factors on the one hand, segregation and dissimilarity indices on the other hand as dependent variables.

The study, as it stands now, covers 27 cities in five nations. For the purpose of this partial presentation we do not need the results for all the cities included, but only one for each of the countries. To construct this sample, we held population size constant at about 115.000 inhabitants in the central city, and so arrived at Columbia SC (USA), Wurzburg (FRG), Maastricht (NL), Norkopping (S) and Trondheim (N). Table 4 gives some general characteristics of those cities.

At this point, now, we have four independent variables measured for each of five countries, and 11 dependent variables for one city in each of the five countries, *i.e.*, five indices of segregation, two indices

of dissimilarity, three factor variances, and the total variance explained by the factor matrix.

TABLE 4 GENERAL CHARACTERISTICS, 5 CENTRAL CITIES OF APPROXIMATELY 115,000 INHABITANTS, BY 1970

Central City	Pop. 1970 in 1000	Growth CC 1960 = 100	Growth SMSA 1960 = 100	SMSA CC 1970	N Census tracts used	Average Pop. in census tract	Mini Pop. in census tract	Maxi Pop. in census tract
Wurzburg, FRG	117	100	119	195	45	2584	422	10.029
Maastricht, NL	112	—	—	129	39	2825	70	8.165
Trondheim, N	115	—	—	—	178	649	127	2.727
Norkopping, S	115	—	—	—	87	1304	117	4.375
Columbia, USA	114	117	124	284	19	3214	493	11.345

#### Data

All the data used here are for 1970 (with minor exceptions). Data for 1980 were not available for West Germany as the census had to be postponed (and will only be conducted in 1987). As the purpose of this study is not to describe current trends, but rather to explore into possibly existing context effects, we need not see a serious deficiency here.

TABLE 5 VARIABLES USED FOR FACTOR ANALYSIS OF URBAN RESIDENTIAL DIFFERENTIATION, CENSUS TRACTS, BY 1970; INDICES OF SEGREGATION AND DISSIMILARITY ARE CALCULATED FROM VARIABLES 4, 6, 7, 12, 8.

1. Population age 16 or less as percentage of total population.
2. Population age 60 or more as percentage of total population.
3. Population married as percentage of total population age 15 or more.
4. One person households as percentage of all households.
5. Women in the labour force as percentage of all women age 16-59.
6. Population with not more than fundamental school as percentage of total population age 21 or more.
7. Population with university degree as percentage of total population age 21 or more.
8. Self-occupied own home as percentage of all housing units.
9. Average number of rooms per person.
10. Rent.
11. Housing units without own bath as percentage of all housing units.
12. Foreign born population as percentage of total population.

Independent variables were drawn from a variety of sources as, e.g., *The World Bank*, *The World Handbook of Political and Social Indicators*.

and others. Shortcomings in these data had to be accepted, as common in this type of research.

Dependent variables stem from census reports and are for the census tracts of the cities included. As in most countries outside North America census tract data are only reported for central cities, we could not use SMSAU as the units of investigation. Every effort possible was invested to secure that variable definitions were strictly identical; here, too, minor deficiencies had to be accepted. This is the same with areal delimitations of central cities and census tracts (Table 5).

### *Methods*

Throughout the study, principal factoring with varimax rotation was used whenever factor analysis was applied. For the dependent variables, the number of factors to be extracted from the twelve variable set was uniformly prefixed at three. The classification of countries was done by cluster analysis, using Ward's method. Context effects of national characteristics on urban residential differentiation were analysed by means of correlation coefficients. The major methodological problem is in a mismatch between theory and empirical analysis. Theory argues in terms of dynamic processes, but analyses could only be made for one point in time. Data availability did not allow to overcome this deficiency. Thus, the methodological approach is comparative-static.

## RESULTS

Factor analysis of the twelve variable set for each of the five cities resulted in two clearly interpretable factors throughout, although with some differences in factor loadings. The factors were labelled position in the family life cycle (LC), and socio-economic status (SES). Educational variables were decisive for SES, and age and marital status for LC. The interesting question, however, does not so much pertain to factor loadings but rather to the proportion of variance explained by each factor and to the proportion of common variance extracted by the two factors combined from the total variance. Table 6 gives the respective figures.

The first interesting observation is that the two factors account for 37 per cent of the total variance in Columbia, USA, but only for 53 per cent in Norkopping, S. Thus, LC and SES, although important dimensions of social segregation in both countries, reveal higher impact on urban residential differentiation in the United States than in Sweden where other factors contribute.

The second, and more striking, observation is that LC and SES are of considerably different importance to segregation in the cities

TABLE 6 PROPORTION OF COMMON VARIANCE EXPLAINED BY LC AND SES, AND PROPORTION OF VARIANCE EXTRACTED FROM TOTAL VARIANCE

	LC	SES	Common Var. expl. by 2 Factors
Wurzburg	36.4	46.3	58.9
Maastricht NL	55.8	27.2	63.5
Trondheim N	66.0	27.9	72.4
Norkopping S	62.2	8.3	53.4
Columbia USA	31.5	56.7	73.0

analysed. SES is the principal factor in Columbia and Wurzburg, but much less significant in the dutch and Scandinavian cities where segregation is much more determined by position in the family life cycle.

The question, now, is whether relationships can be detected between these dependent and the independent variables. Table 7 gives the correlation matrix for the two sets of variables. All correlation coefficients are surprisingly high; so there must be a high degree of multicollinearity between independent variables. (Table 8). As aspects of international affluency (factor 1) accounted for 72 per cent of the common variance extracted from the 20 national characteristics, this aspect seems to deserve highest attention. Correlation with life cycle segregation is negative, and positive with SES segregation, i.e.,

TABLE 7 VARIANCES EXPLAINED BY FACTOR ANALYSIS CORRELATED WITH FOUR INDEPENDENT VARIABLES

	LC	SES	$h^2$
INT	-0.71	0.57	0.71
IMP	0.82	-0.65	-0.58
EXP	0.82	-0.36	-0.63
INE	-0.69	0.35	0.75

TABLE 8 CORRELATION MATRIX, INDEPENDENT VARIABLES, 5 COUNTRIES

	INT	IMP	EXP	INE
INT	-	-0.97	-0.91	0.77
IMP	—	—	0.91	-0.77
EXP	—	—	—	-0.58
INE	—	—	—	—

the closer a country's intranational affluency resembles the pattern of the United States, the more socio-economic status predominates position in the life cycle as the major aspect of social segregation—a proposition which gains additional support from the correlations with the social inequality factor (factor 4). Factors 1 and 4 are positively correlated with  $r=0.77$ . With increasing factor scores for internal affluency, the common variance extracted from the 12 variable set for social segregation increases, too, which is, once again, the same with income inequality on the national level. The factors representing external dependency, *viz.*, import and export dependency, are positively intercorrelated and operate in the opposite direction. They account for a high proportion of life cycle segregation but correlate negatively with variances explained by SES segregation as well as with the common variances extracted from the 12 variable set of urban residential differentiation. Not surprising is the negative relationship between the factors describing external dependency with those for internal affluency.

While factor analyses are useful to explore into the dimensions of urban residential differentiation, indices of segregation and dissimilarity can inform us about the degree of social segregation. They are given in Table 9 for the five cities under investigation.

In general, the indices are fairly low and never reach figures as high as those reported, *e.g.*, for the black population in the United States (Taeuber and Taeuber 1969).

TABLE 9 INDICES OF SEGREGATION AND DISSIMILARITY, 5 CENTRAL CITIES OF APPROXIMATELY 115,000 INHABITANTS, BY 1970

	Index of Segregation					Index of Dissimilarity	
	OPHH	LED	HED	FOR	HOW	YOL	LHED
Wurzburg, FRG	13	18	24	23	37	17	29
Maastricht, NL	35	28	40	—	46	33	49
Trondheim, N	29	21	26	22	50	40	30
Norkopping, S	39	38	31	45	—	39	28
Columbia, USA	24	39	37	12	31	30	52

In 1970, one-person households were highly segregated in Norkopping, Sweden, as was the population of foreign origin. People of lower educational status appear to be most segregated in Columbia, USA, a little bit more than university absolvents in this city—their segregation index is highest in Maastricht, NL, where also home ownership shows high unequal distribution. Segregation according to

small households and education was lowest in Würzburg, FRG. Spatial separation between young and old was most expressed in Trondheim, N, and least in Würzburg. Dissimilarity between low and high educational status was most significant in Columbia, USA, but only of minor importance in Norkopping, S, or Würzburg, FRG.

To be sure, the factor analyses and indices are not directly comparable with each other. While the former explore into the dimensions in a complex variable set, the latter give the degree of relative spatial separation according to single variables. So the two methods inform about different aspects of urban residential differentiation.

As before, it may be interesting to see if and what relations exist between dependent and independent variables (Table 10 gives the correlation matrix). With respect to the indices of segregation and dissimilarity, the explanatory value of the national characteristics seems to be much lower than it has been with respect to the factor analyses of social segregation. Leaving aside those correlations, which do not explain more than 10 per cent of the variance, factor 1 relates significantly only to low educational status and, negatively, to foreign born. Economic affluency seems to support the sorting out, and relative isolation, of lower status groups, without affecting the segregation of higher education status groups. This is confirmed by the correlations with national income inequality. Import and export dependency also show higher, although negative, correlations with lower than with higher education group segregation. On the other hand, economic affluency seems to operate towards desegregating the foreign born population but is counteracted by external economic dependency. The spatial separation of small households is positively related to external economic dependency, a result difficult to understand, and possibly spurious. Income inequality has some positive impact on the segregation of owner occupied housing. The degree of dissimilarity between lower and higher educational groups seems to be influenced, to some extent, by income inequality.

TABLE 10 INDICES OF SEGREGATION AND DISSIMILARITY  
CORRELATED WITH FOUR INDEPENDENT VARIABLES

	OPHH	LED	HED	FOR	HOW	YOL	LHED
INT	-0.31	.59	-0.06	-0.45	-0.02	-0.25	0.29
IMP	0.49	-0.42	0.17	0.51	-0.04	0.45	-0.20
EXP	0.55	-0.30	0.09	0.82	0.13	0.36	-0.40
INE	-0.08	0.70	0.36	-0.13	0.59	-0.39	0.47
N	5	5	5	4	4	5	5

Although the two methodologies do not deliver directly comparable

results, the two types of analyses give some substantial support to each other in that both economic affluency and income inequality tend to promote socio-economic status segregation, but not segregation according to the position in the family life cycle, while external economic dependency operates in the opposite direction.

#### DISCUSSION

The research question addressed in this paper is highly complex in nature. It should be taken into account that this is only a part of a larger research project and can only present first tentative results for the most obscure of the problems dealt with in the entire study. But even if this is accepted, some critical questions have to be raised. First, the sample of countries and cities is much too small to yield conclusive empirical evidence. Second, this study implicitly assumes that the cities included are roughly representative for the respective city size class in each country, which is obviously not convincing for a country as big as the United States, and possibly not even for West Germany. Third, central cities may not be the adequate unit of observation but should be substituted by urbanised areas, or agglomerations. Fourth, holding city size constant for the purpose of the present study makes sense, but a large number of other variables may exert influence on urban residential differentiation without being controlled. Fifth, although the formal variable definitions may be roughly identical, this does not necessarily mean that their substantial content, in their respective cultural settings, is too. These objections are certainly crucial, and others might be added, even if some of the more technical problems are left aside. They are important enough to put the results obtained in question. This is expressively admitted.

Nevertheless, some arguments for justification may be allowed. First, the study is exploratory. There are no safe theoretical grounds from which hypotheses can be deduced, and tested empirically. The purpose is rather to find ways for generating such hypothesis. This has been done here with the methodology proposed and used. In this sense, the empirical results are illustrative rather than conclusive. Second, quantitative comparative research certainly figures among the most difficult ventures in social sciences. It will certainly still have a long way to go until results can be evaluated as satisfactory. But this should not prevent us from making first steps, and hopefully modest progress, in this direction. It seems not enough to call for qualitative methodological alternatives as long as qualitative means: open for vagueness and speculation. The argument is not for quantomania but for precision in what we are dealing with. Third, urban social research cannot ignore that cities are not isolated units,

but closely connected with their respective societies, and deeply affected by economic, social, or cultural policies formulated and enacted on the national level. As complex as the relationships between the national and the local levels might be, they must result in something, and it must be possible to find out what this something is. In this respect the empirical results presented here are substantive enough to call for more detailed and thorough interpretation—which was not at all clear at the outset. Finally, cumulative knowledge can only be gained in successive steps of propositions and critical discussion. Critical discussion is what the present study hopes to provoke.

The results obtained are, first of all, descriptive in that they allow to compare urban residential differentiation in five cities located in five different countries. But they are also analytic and allow to formulate some new hypotheses—it would be wise, however, to see them limited to highly developed countries with capitalist economies.

1. The more affluent a country is economically, the more its urban population tends to be segregated according to socio-economic status.
2. With increasing economic affluency in a country, urban segregation according to the family life cycle tends to decrease.
3. With a country's increasing economic affluency, socio-economic status and position in the family life cycle tend to become the predominant features of urban social segregation among those used in this study.
4. Increasing import and export dependency of a country tend to operate towards increasing life cycle segregation, but decreasing segregation according to socio-economic status.
5. The more dependent a country is on foreign trade, the less important will be position in the family life cycle and socio-economic status as criteria for urban social segregation among the variables used in the present study.
6. With increasing income inequality on the national level, life cycle segregation will decrease, and socio-economic segregation increase, on the local level.

These are, of course, generalisations from Table 7. They are formulated here because they: (1) need empirical support on a broader basis, and (2) need more theoretical reflection if the links between the two levels are to be more precisely understood. □

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## *Bombay Versus Calcutta: Ideas and Reality*

CHANDAN SENGUPTA

NO OTHER cities in India, perhaps in the world, have attracted such attention and have received such dreadful comments as the two Indian super metros—Bombay and Calcutta have. Among the two again, Calcutta, which being India's first capital could be more privileged than Bombay, had virtually surpassed the latter in receiving all sorts of contempts and ridicules. "The city of dreadful night", "the most wicked place in the universe" and finally "the dead city", are some of the adjectives which have been constantly in use to characterise Calcutta ever since its inception into history. By comparison, Bombay at least has no history of vilification though in the past the condition of living in Bombay was no better than any other colonial city of the world. The outburst of whatever harsh and scathing words that one observes today against Bombay is in fact, of recent origin and it is only very recently that the city is seen as a "city bursting at seams" or a 'dying city'.

Implicit in the existing hue and cry against these two cities are the two prevalent ideas. First, is the idea that Calcutta's conditions have been much worse than Bombay over the years in terms of development, planning and living and second, that given the existing level of deterioration, Bombay, like Calcutta, is also going to be condemned to death very soon. This paper attempts to examine both these ideas. Based on the analysis of secondary materials this article tries to develop the argument that the delineation of a comparative profile of deterioration for both the cities as well as the whole attempt to tag the label of death to them are confounded with certain misgivings and inadequate understanding about the following:

A misgiving about the bigness or enormous large size of Calcutta and an analytically inadequate understanding about the economic structure of both the cities, and the commonality of certain structural elements that exist in both Bombay and Calcutta and far from

contributing to death, they enliven the growth and prosperity of the two.

#### BOMBAY OR CALCUTTA: WHICH IS BIGGER?

During seven census decades of pre-independent India (1881-1941), Bombay topped the list of Indian cities for five times and Calcutta twice in terms of population size that existed in both the cities within more or less the same geographical areas. During the period between 1951 and 1961, Bombay again became bigger. But that time Bombay city limit was extended with the inclusion of a number of suburbs (1950) and extended suburbs (1957) and the city was renamed as greater Bombay. In 1971, Calcutta too incorporated many agglomerations and became bigger than Bombay. The areas covered by the new agglomeration (UA) was less (568.79 sq.km.) than that of Greater Bombay (603 sq. km). The latest Census (1981) figure on population of Calcutta UA has further pushed it ahead of Bombay by more than one million people (Table 1). Thus it is basically the population of UA on whose strength Calcutta can boast of being the largest city in India since 1971. But this is not real Calcutta though the UA parts of the city are often non-existent in many statistical documents on Calcutta and the whole city is portrayed as one under the name 'Calcutta'.

Bombay, on the other hand, did not expand after 1957 in terms of its area. Moreover, in the case of Bombay, the extended areas never stood outside the jurisdiction of the city's single Municipal Corporation. There is no dichotomy between Greater Bombay and the Bombay Municipal Corporation which is now known as Municipal Corporation of Greater Bombay (MCGB). Thus the confusion about Calcutta's bigness would not only lie in its incorporation of huge agglomerations with vast areas, but also in the absence of a single municipal body having jurisdiction over the entire area of Calcutta UA.

The entire Calcutta UA region has now an area of 852 sq. km. covering 144 units. These include 31 municipalities, 70 non-municipal towns, 1 cantonment, 3 municipal corporations, 2 notified areas and 37 urban outgrowths. Apart from Calcutta district (the core city), the Calcutta UA is spread over a number of units from four districts of West Bengal (Map I). The UA now includes (apart from Calcutta Municipal Corporation) 3 units from Nadia district, 76 units from Twenty Four Parganas, 38 units from Howrah and 26 units from Hugli district. The total population of Calcutta UA in 1981 was reported to be 9, 165,650 a figure that provides the basis for holding the first rank by Calcutta of all Indian cities. The area under Calcutta Municipal Corporation which is co-terminous with Calcutta district or the core

TABLE 1 POPULATION OF BOMBAY AND CALCUTTA IN PAST HUNDRED YEARS, 1881-81

<i>Year</i>	<i>Bombay City</i>	<i>Calcutta Town</i>
1881	773,196	436,226 <sup>a</sup>
1891	821,764	681,560
1901	776,006	847,796 <sup>b</sup>
1911	979,445	896,067 <sup>c</sup>
1921	1,175,914	907,590 <sup>d</sup>
1931	1,161,383	1,196,734 <sup>e</sup>
1941	1,489,883	2,108,891
<i>Greater Bombay</i>		
*1951	2,966,902	2,548,677
1961	4,152,056	2,927,289
†1971	5,970,575	3,148,746 (Calcutta District) 7,031,382 (Calcutta UA)
1981	8,227,332	3,291,655 (Calcutta District) 9,165,650 (Calcutta UA)

<sup>a</sup>Inclusive of port and canals but exclusive of suburbs.

<sup>b</sup>Includes only town of Calcutta and excludes the suburbs.

<sup>c</sup>Includes only the region known as 'Calcutta' during the period.

<sup>d</sup>Includes only 'Calcutta'.

<sup>e</sup>Includes only 'Calcutta'.

\* Bombay city was renamed as 'Greater Bombay' within the jurisdiction of Bombay Municipal Corporation.

† The concept of UA was attached with Calcutta but municipal limit did not expand like Bombay.

SOURCES : (i) *Census of India*, 1931, Vol. III, Part, II, Bombay Presidency.

(ii) *Census of India*, 1951, Vol. 6, Part 3, Calcutta City.

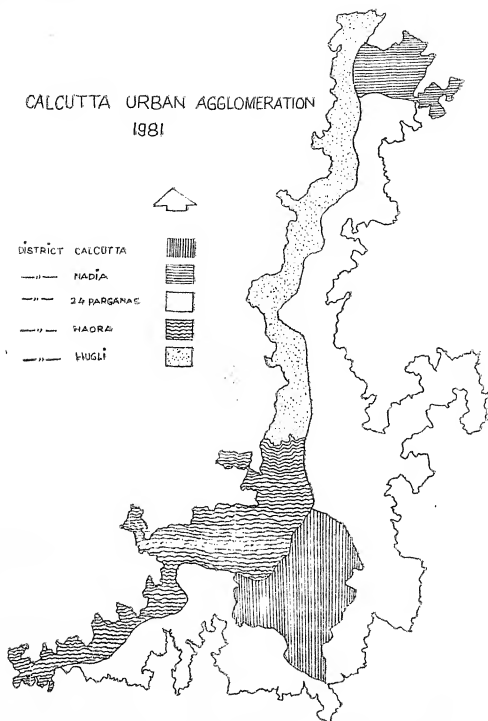
(iii) *Census of India*, 1941, Vol. III, Bombay Tables.

(iv) *Census of India*, General Population Tables, Series II, Maharashtra 1971.

(v) *Census of India*, 1981, Rural-Urban Distribution. Part IIA,

city is 104 sq. km. with a population of 3, 291, 655 as per 1981 Census.

By comparison, Greater Bombay which is contiguous with the city's municipal corporation is a metropolis by its own right. It exists within an area of 603 sq.km. with a total population of 8,227,332 in 1981, i.e., about one and half times the area and more than double the population size of the Calcutta district which is coterminous with Calcutta Municipal Corporation. But this is not that Calcutta which is compared with Greater Bombay in matters of almost everything. The actual comparable unit is Calcutta UA. Any sensible comparison between growth rates of Bombay and Calcutta is bound to be influenced by the percentage figure shown in the Census against Calcutta UA and not against Calcutta MC. With Bombay we have no problem because there is no category other than Greater Bombay. Thus, comparison has to be made by considering Greater Bombay as one unit. In the



MAP 1

case of Calcutta, though the presence of two Calcuttas (MC & UA) poses difficulties, Calcutta UA would ultimately be considered as comparable unit in the areas such as growth rate, etc. For it is the Calcutta UA's population figure which has been considered relevant for the measurement of the city's bigness. For example, if anyone had compared the growth rate of Calcutta MC which was +4.54 per cent during 1971-81 with Greater Bombay's growth rate which was +37.80 per cent during the same period, he would have then declared Bombay as a dead city long before he could examine the disease of

Calcutta. It is, therefore, convenient for everyone to compare the growth rate of Calcutta UA which is +30.35 per cent during 1971-81 with the growth rate of Greater Bombay which is slightly higher (+37.80 per cent). In fact, Calcutta UA and Greater Bombay have prominently figured as comparable units in all India Census of 1981 while showing the population growth rate, sex ratio and literacy rate of cities and urban agglomerations with population of one lakh and above.

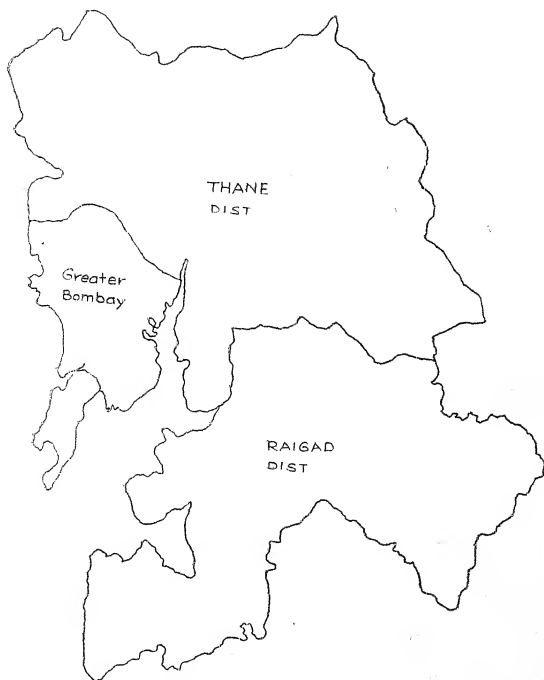
The nature and type of UA units incorporated in Calcutta UA are to a large extent, comparable with the units which lie within the jurisdiction of Bombay Metropolitan Region Development Authority (BMRDA). Like Calcutta UA, BMRDA has under its jurisdiction many municipal councils, urban centres and the MCGB. In 1981, the region had an estimated population of 11.9 million which is not large compared to the population size of Calcutta UA of 1981. Calcutta has also a similar Development Authority known as Calcutta Metropolitan Development Authority (CMDA). There are about 607 urban and rural units under CMDA's jurisdiction which has an area of 1425 sq. kms. with a total population of 10.3 million. The range of BMRDA's activities is spread over three districts of Maharashtra including the district of Greater Bombay (Maps 2 and 3). CMDA's jurisdiction also includes units from four districts of West Bengal. However, BMRDA's area (4,363 sq. km.) is much bigger than both CMDA's and Calcutta UA's, but, in terms of population, Greater Bombay, BMRDA, CMDA and the Calcutta UA are not so different entities. On the other hand, the difference between the three as a whole or as separate bodies and Calcutta district is of enormous magnitude (Table 2).

Calcutta district, *i.e.*, the area of the Calcutta Municipal Corporation can obtain its comparable category from one part of Greater Bombay which falls within the jurisdiction of what is known as Island City of Bombay. This part of Greater Bombay has, as per 1981 Census, a population of 3.2 million living within an area of 70.27 sq. kms. with a gross density of about 45,000 persons per sq. km. area. The population growth rate of the Island city of Bombay came to be around 6.11 per cent during 1981. These figures will certainly compare well with the size, density and growth rate of Calcutta district or the core city but not with Calcutta UA. But from the census point of view the Island city of Bombay has now ceased to be a comparable category. It is only in the Development Plan document of MCGB where one gets the relevant information about the internal divisions of the entire Greater Bombay. On the contrary, for Calcutta (also for Delhi and Madras) the Census provides some information about both Calcutta UA and Calcutta MC separately.



GREATER BOMBAY

## BMRDA



MAP 3

Thus, on the question of density, Calcutta MC's area would show the highest density among the areas of all major Indian metropolises listed in the Census of 1981 (Table 2a). In comparison with Greater Bombay, Calcutta MC's density is more than double the density of the former. On the other hand, the population size of MC is much smaller which is the obvious reason for Calcutta MC to have such a

huge mass of people living within a small boundary. In fact, it is this very high nature of Calcutta core's density, not the size, that may be singled out as the major contributory factor for anything that is said not only against the life in Calcutta MC but against the life in the entire region of Calcutta UA. For Calcutta UA, neither its size nor its density can be compared well with the size and density of Greater Bombay. But the irony of the situation has been that for anything

TABLE 2 GEOGRAPHICAL AREA, POPULATION AND DENSITY OF  
CALCUTTA UA, CMDA, BMRDA, GREATER BOMBAY, ISLAND  
CITY OF BOMBAY AND CALCUTTA DISTRICT (MC), 1981

Geographical Area		Total Area (sq. km.)	Population (in millions)	Gross Density (approx.) persons per sq. km.	
No. of Units (Rural & Urban)	No. of Districts				
Calcutta UA	144	5	852	9.1	10,791
CMDA	607	5	1425	10.3	912
BMRDA	1117 (1984)	3	4363.55	11.9 (1981)	2542
Greater Bombay (MC)	1	1	603	8.2	13,671
Island City of Bombay	—	—	70.28	3.2	45,532
Calcutta District (MC)	1	1	104	3.2	31,779

- SOURCE : (i) *Census of India, 1981, Series I, Part II.*  
(ii) Revised Draft Development Plan for Island City of Bombay (1981-2001), Municipal Corporation of Greater Bombay.  
(iii) *Calcutta Metropolitan Statistics*, CMDA, Calcutta, 1983.  
(iv) Bombay Metropolitan Region Development Authority, Bombay.

TABLE 2a POPULATION, AREA AND DENSITY IN FOUR MAJOR  
METROPOLISES OF INDIA, 1981

<i>City</i>	<i>Area in</i> <i>sq. km.</i>	<i>Density</i> <i>Population/</i> <i>sq. km.</i>	<i>Population*</i>
Greater Bombay	603	13,671	8,243,450
Calcutta UA	852	10,791	9,194,018
Calcutta MC	104	31,779	3,305,026
Delhi	540	10,609	5,729,283
Delhi MC	360	13,548	4,884,234
Madras	571	7,511	4,289,347
Madras MC	170	19,274	3,276,622

SOURCE : *Census of India, 1981, Series I, Part IIB(1).*

\*Population figures shown in this table are slightly different from the figures shown in other Tables as these figures vary in different census reporting.

that goes wrong in the core city in terms of high density and other associated problems, Calcutta UA as a whole becomes the immediate victim—a truth confounded with the error of regarding both Calcutta core and Calcutta UA as the same entity.

In reality barring the core area of Calcutta Municipal Corporation's 104 sq. km., the adjacent parts of agglomeration exhibit features which are less metropolitan in terms of size, density and heterogeneity. The influence of Calcutta Municipal Corporation ends at about a distance of 10 km., from the central fort area towards almost any directions. Few kilometers away from the downtown, it is the homogeneous *para* (locality) life that takes care the problem of anonymity which, of course, is very rare. To an outsider the adjacent areas of Calcutta core would definitely appear as a big village. Like a village community these areas though being very near to the main city (one can get into fort complex by an hour's ride from these areas), are inhabited by people who are known to each other, have common identity and more or less share the same sentiment, emotion and very often the same ideology. The dominant Bengali culture is one of the contributory factors for the absence of any rigid heterogeneity in these areas.

In terms of civic administration the areas are divided into separate municipalities each one having one chairman and a number of commissioners in charge of the wards within a particular municipality. The main roads which lie within one municipal zone usually divide jurisdictions of the ward councillors. Even though many of these areas are covered under Calcutta postal zones, most of the buildings and residential houses are not given any numbers. Letters carrying only the name of the person, name of the road and the name of the post office or the postal zone number will safely reach the person concerned without any confusion. Many places which lie within a distance of about fifteen to twenty kilometers from the central part of Calcutta city do not have any postal zone numbers. But this does not create any problem of correspondence since it is again the *para* that takes care of such problems.

Calcutta proper is connected with these places through large concrete roads such as Barrackpore Trunk Road in the North and Diamond Harbour Road in the South. On both sides of these roads lie huge areas of semi-rural interiors. Unlike Greater Bombay, these immediate adjacent areas of Calcutta city are yet to benefit from modern transportation system. The only vehicle that can bring a person to the main road from the deep down interior for a bus to the city is cycle rickshaw which often ply whimsically. There is well-connected railroads from the city to the suburbs. But the railway stations are poorly connected with public transport system which can bring people from interior to the stations as stations are situated far

away from the main bus roads. Like the main Calcutta city, public transports in these areas also mainly include, private buses, state government buses, mini buses, taxis and railways. But unlike in Greater Bombay, there is no single authority to run the dominant mode of public transport which is fully controlled by the Corporation Authority. So far as small public vehicles such as taxis are concerned, it all depends upon one's luck to get them in the UA parts of Calcutta. By comparison, the situation is not partially, but totally different in the Greater Bombay area. In the city of Calcutta too there are problems of conveyance (the crowds in a bus in the city are often comparable with a sack of potatoes) but surely the whole system is not as haphazard in the city as it is in the UA suburbs.

These are some of the few aspects relating to the nature of Calcutta UA minus the Calcutta core. Thus, the analogy between Calcutta core city and Calcutta UA is merely an analogy. Any logical extension of the analogy to the level of our understanding of Calcutta UA as the largest city and thus bigger than Bombay may result in loose conceptualisation. What world knows as the largest city of India is different from what it actually is. The real Calcutta is the Calcutta district which is interchangeable with the concept of Calcutta MC. This is not to suggest that one should digress from the principles of decentralisation latent in the expansion of agglomeration for planning and development. What is objectionable is the notion that Calcutta is the biggest city in India and therefore naturally as well uniquely deserves all—the contents and frame—that are usually associated with the bigness of a modern city.

In its comparison with Greater Bombay, the core city of Calcutta would appear to be much smaller especially in terms of size and heterogeneity. In a sense the density of Bombay would have also been greater if any comparison between the two having the same municipal area could be allowed. For, it may be observed that in the original parts of Greater Bombay (the Island city) with an area which is about 34 sq. km. less than Calcutta MC's total area (104 sq. km.), the density is much higher. Secondly, it may be observed that for both Calcutta district as well as for Island City of Bombay, the impact of heavy density has been very much negative resulting in saturation during past three decades. This is particularly evident from the decreasing rate of population growth in the two (Table 3). In this regard, the only difference between the two is that unlike in Bombay, in Calcutta, the declining rate of core city's population growth has not led to any centrifugal movement of the activities of the city corporation so that those who have possibly moved to suburbs could be served by one single city municipal body. In the case of Bombay, the growth of population in the suburbs and extended suburbs has occurred within the limits of Greater Bombay

TABLE 3 DECADEAL GROWTH RATE OF POPULATION IN GREATER BOMBAY, ISLAND CITY OF BOMBAY, SUBURBS AND EXTENDED SUBURBS OF BOMBAY, CALCUTTA DISTRICT AND CALCUTTA UA

Decade	Bombay				Calcutta	
	Greater Bombay	Island City	Suburbs	Exte. Suburbs	Calcutta District	Calcutta UA
1951-61	39.95	19.02	103.15	121.39	8.48	25.01
1961-71	43.80	10.72	109.04	133.46	7.5	22.57
1971-81	37.80	6.11	29.21	195.84	4.54	30.35

SOURCE : (i) *Census of India*. Maharashtra Paper 1, 1981.

(ii) *Census of India*, West Bengal Paper 1, 1981.

(iii) Vatsala Narain, *Population Growth in Greater Bombay*, IIPS, Bombay, 1983.

Municipal Corporation's control. Moreover, when we compare the growth rate of Greater Bombay and Island City of Bombay with Calcutta District and Calcutta UA, we observe that both Greater Bombay and Island City of Bombay have grown faster than their counterparts from Calcutta (Table 3). But how much of the growth of suburbs and extended suburbs of Greater Bombay is due to out-migration from inner city or natural growth and how much of the decline of growth rate of Calcutta district is due to out-migration or decrease in natural growth is difficult to estimate in the absence of migration details from Census. However, so far as other two characteristics (size and heterogeneity) are concerned, Greater Bombay's place is much higher compared to Calcutta district's. The quantification of size factor does not pose any problem because the measurement of the relative size difference can be done on the basis of the geographical boundaries of the two which are clearly shown in the Census. The measurement of which one is more heterogeneous among the two involves a detailed investigation into a number of socio-economic and cultural variables pertaining to the life situations of both Greater Bombay and Calcutta city. However, one can have the broad idea of the relative heterogeneity of Bombay and Calcutta by analysing the cosmopolitan nature of the two on the basis of both the states' respective share of migrants from the states other than their own.

The six states of Uttar Pradesh, Gujarat, Madhya Pradesh, Andhra Pradesh and Kerala accounted for the largest share of inter-state migrants to Maharashtra in 1981. In case of West Bengal, only three states of Bihar, Uttar Pradesh and Orissa accounted for the largest share in the total migrants born outside the state. It is difficult to identify the exact place of these migrants within the respective state of West

Bengal and Maharashtra in the absence of individual migration details of these states. But it may be assumed that since these persons are from outside these two states, they will tend to select their respective capital cities for stay and settlement because of the simple reason that these cities, like all other cities, are good entry points for any one known or not known to the place. Thus, Bombay will definitely have a wider cultural milieu by drawing people from a number of states other than Maharashtra than Calcutta where inter-state migration is restricted to three neighbouring states of West Bengal.

The observations made above may be summed up as follows. Bombay, not Calcutta UA is the largest city in India in terms of almost all the cardinal components of true metropolitan way of living. The agglomeration parts, on whose strength Calcutta is made out to be the largest city of India, exhibit features which poorly compare with Greater Bombay. The core city of Calcutta and the agglomerations are poles apart. Greater Bombay is relatively more stretched out and more cosmopolitan than Calcutta core and Calcutta UA as a whole. Unlike in Calcutta UA, there is no dichotomy between the concepts of Greater Bombay and the Municipal Corporation of Greater Bombay. The span of control and the magnitude of the problems involved in municipal affairs of Greater Bombay is much bigger than the corporation of Calcutta.

An important area related to the bigness of a city is the area concerning the level of municipal services. It may be expected that bigger the city, higher is the level of services to be provided by the concerned corporation. But this does not apply to the bigness of the entire Calcutta UA. So far as Calcutta MC area is concerned, the coverage of services in terms of area and population is in fact higher than that of Greater Bombay. But if we compare Calcutta UA (wherein lies the bigness) with Greater Bombay in the area of level of services, we find that the difference (showing Calcutta UA's position as much lower) is enormous between the two (Table 4).

One crucial aspect pertaining to the level of services is the per capita income and expenditure of the concerned municipal bodies. Here also Greater Bombay's position seems to be higher than Calcutta UA's position. During the period of 1979-80 the Municipal Corporation of Greater Bombay had spent an amount of Rs. 157.2 per person towards the expenses on various services. Calcutta Corporation's per capita expenditure on the same heads during the same period was Rs. 90.5. The ordinary income of Calcutta Corporation during 1979-80 was far less than the Municipal Corporation of Greater Bombay's income (Table 5). Nevertheless, the income-expenditure pattern of the municipal bodies minus Calcutta Corporation, *i.e.*, those included in the agglomeration and covered by the Calcutta Metropolitan District (CMD), are far

TABLE 4 LEVEL OF IMPORTANT SERVICES IN THE CORPORATION AND MUNICIPALITIES OF GREATER BOMBAY AND CALCUTTA CITY AND CALCUTTA UA (1979-80)

Name of Local Body	Class	Water Supply		Liquid Waste Underground Drainage		Disposal Open Drainage		Roads
		Per cent Area Covered	Per cent Pop. Served	Per cent Area Covered	Per cent Pop. Served	Per cent Area Covered	Per cent Pop. Served	Per cent Surfaced Road to Total Roads
Bombay MC	1	78.77	93.61	60.62	78.66	3.60	2.01	97.10
Calcutta UA								
Municipal Bodies								
Calcutta MC	1	100.00	95.70	72.06	75.95	27.94	24.05	100.00
Dum Dum M	1	95.01	72.96	0.83	3.30	13.43	53.69	61.31
Barrackpara M	1	90.35	72.72	1.25	3.86	19.30	59.99	63.80
Howrah M	1	89.47	84.80	1.48	3.13	28.55	66.16	72.66
South Suburban M	1	90.70	76.69	1.41	2.63	32.01	70.23	72.66
Baly M	1	93.84	76.36	1.10	2.34	41.18	71.17	61.43
Baranagar M	1	93.43	76.35	1.08	2.20	42.15	72.00	62.63
Garden Reach M	1	90.78	76.20	1.03	2.06	40.49	67.46	64.19
Chandernagore MC	1	89.85	75.65	1.00	2.00	39.49	65.44	64.84
Hooghly								
Chinsura M	1	80.92	70.66	0.93	1.86	29.91	59.66	63.45
Seramore M	1	80.53	70.67	0.97	1.90	29.26	59.40	63.99
Panihati M	1	70.02	67.02	0.95	1.80	28.82	56.34	62.04
Bhatpara M	1	79.15	69.11	1.11	1.78	27.43	58.43	63.21
Naihati M	1	79.55	69.60	1.11	1.73	27.61	56.91	64.05
Titagarh M	1	79.65	69.32	1.10	1.69	27.58	56.56	64.06
Kanchrapara M	2	55.92	46.52	31.61	24.08	20.06	27.68	69.77
Budge Budge M	2	55.22	49.61	17.38	15.84	15.04	26.36	71.75
Baidyabati M	2	65.43	62.21	10.43	10.17	29.56	33.91	71.16
Halisahar M	2	66.06	60.43	10.54	8.47	32.23	37.77	73.53
Garulia M	2	65.01	60.28	9.93	7.54	32.89	42.34	74.15
Cooch-Bihar M	2	63.91	58.88	11.59	9.46	35.12	42.85	74.62
Rishra M	2	66.05	63.07	8.50	6.90	44.13	49.85	71.72
Barasat M	2	65.22	63.75	7.52	6.29	48.66	51.08	72.87
North Dum Dum M	2	61.70	63.38	7.01	5.96	45.49	49.04	73.10
Bhadreshwar M	2	60.09	61.38	6.68	5.55	53.37	45.70	73.12
Champdany M	2	59.47	62.43	6.54	5.35	44.34	47.33	73.42
Uttarpara-								
Kotrung M	2	60.26	62.31	6.39	5.15	45.63	49.29	74.22
Bansberia M	2	61.36	63.24	6.21	4.96	44.35	47.52	74.77
Rajpur M	3	40.54	30.01	0.00	0.00	40.54	35.01	79.45
Dum Dum M	3	36.28	40.43	0.00	0.00	41.82	52.98	63.38
Baruipur M	3	33.31	37.15	0.00	0.00	42.57	52.22	63.31

SOURCE : *A Study of the Financial Resources of the Urban Local Bodies of India and the Level of Services Provided*, The National Institute of Urban Affairs, New Delhi, 1983.

below the class average of Calcutta Corporation's incomes and expenditures. Many of these local bodies also show a negative trend in their incomes-expenditures in comparison to the income-expenditure of the core city corporation Table 5). This makes two things clear : first, it shows that the major parts of Calcutta (UA) have low level of per capita income and expenditure and, second, these major parts of agglomerations having low level of per capita income and expenditure further bring down the position of Calcutta (UA) as a whole in comparison to Greater Bombay.

The relative poverty of Calcutta in the area of municipal finance and the level of services may be imputed firstly, to the city's dependence, to a large measure, on a single source of income, namely, the property or house tax. Property tax is a very sensitive area as it mainly concerns the individual interest. Moreover, evasion and the disputes regarding

TABLE 5 PER CAPITA ORDINARY INCOME/ORDINARY  
MC AND CALCUTTA UA'S

<i>Name of the Municipalities</i>	<i>Per Capita Ordinary Income</i>	<i>Difference</i>	<i>Per Capita Ordinary Expenditure</i>	<i>Difference</i>
Metropolitan Cities (Maharashtra)	Class Average : 195.8			Class Average : 148.5
Bandra MC	218.8	22.9	157.2	8.8
Metropolitan Cities (West Bengal)	Class Average : 93.5			Class Average : 90.5
Calcutta MC	93.5	0.0	90.5	0.0
Calcutta UA	Class Average : 42.5			Class Average : 41.9
Municipal bodies				
<i>Class : I</i>				
Calcutta UA Municipalities:				
1. Howrah M	86.2	43.7	85.9	44.0
2. Chandernagore MC	61.6	19.0	90.5	48.6
3. Seramore M	52.9	10.4	47.0	5.1
4. Baranagar M	51.1	8.6	45.3	3.4
5. Hooghly Chinsura M	47.9	5.4	34.8	— 7.1
6. Baly M	47.1	4.6	56.3	14.4
7. Naihati M	42.4	— 0.1	26.0	—15.9
8. Garden Reach M	31.3	—11.2	35.0	— 7.0
9. Kamrathi M	29.5	—13.0	22.6	—19.4
10. Titagarh M	29.1	—13.4	46.9	5.0
11. Dum Dum M	28.1	—14.5	19.1	—22.9
12. Barrackpara M	21.9	—20.6	24.5	—17.5
13. Panihati M	18.3	—24.3	12.2	—29.7
14. Bhatpara M	17.8	—24.7	18.5	—23.4
15. South Suburban M	12.6	—30.0	15.6	—26.3

SOURCE : The National Institute of Urban Affairs, *op. cit.*

the valuation very often result in crores of rupees as arrears. According to a recent estimate made by the Corporation of Calcutta, only fifty per cent of the total dues is collected annually. As on August 31, 1986, the total amount of property taxes to be collected from 15,402 defaulters came to be around rupees eighteen crore.

The municipal bodies of Maharashtra, on the other hand, have diversified sources of revenue collection. A large portion (48 per cent during 1979-80) of municipal revenue in Maharashtra comes from octroi, the major share of which would certainly go to MCGB being the sole civic authority of the capital of Maharashtra. Neither Calcutta MC nor any other municipalities of West Bengal has such a source of revenue earning. Secondly, unlike MCGB, Calcutta MC gets very little in the form of tax from major industrial establishments since most of them are located outside the corporation limit but within the UA

EXPENDITURE OF BOMBAY MC, CALCUTTA  
MUNICIPAL BODIES, (1979-80)

(in Rs.)

Name of the Municipalities	Per Capita Ordinary Income	Difference	Per Capita Ordinary Expenditure	Difference
Class : 2	Class Average : 34.5		Class Average : 38.0	
1. Cooch-Bihar M	73.8	39.3	48.3	10.4
2. Garulia M	55.5	21.0	34.5	— 3.5
3. Konnagar M	51.0	16.6	41.3	3.4
4. Baidyabati M	45.1	10.6	41.3	3.4
5. Bansberia M	42.4	7.9	42.6	4.6
6. Northbarackpur M	38.0	3.5	48.2	10.2
7. Champdany M	37.5	3.0	50.5	12.5
8. Bhadreswar M	34.5	0.0	38.4	0.5
9. Uttarpara-Kotrung M	32.0	— 2.5	30.6	— 7.3
10. Halisahar M	28.3	— 6.1	16.7	—21.3
11. Barasat M	26.9	— 7.6	26.1	—11.9
12. Rishra M	24.7	— 9.7	45.5	— 7.5
13. Budge Budge M	22.2	—12.2	56.2	18.2
14. Kanchrapara M	18.9	—15.5	19.6	—18.4
15. North Dum Dum M	17.8	16.7	21.2	—16.8
Class : 3	Class Average : 40.7		Class Average : 35.2	
16. Dum Dum M	70.1	29.4	65.4	30.3
17. Khardah M	49.2	8.5	42.5	7.3
18. New Barrackpur M	38.0	— 2.7	36.9	1.7
19. Rajpur M	29.9	10.9	22.8	—12.3
20. Barupur M	21.8	—19.0	11.9	—23.3

parts. Barring these specific constraints of resource mobilization by the municipal bodies of West Bengal in general and the Calcutta MC in particular, one has to understand the background of economic development of the metropolitan Calcutta as a whole in order to know more accurately what ails the Calcutta metropolis more severely than Greater Bombay.

#### BACKGROUND OF ECONOMIC DEVELOPMENT OF BOMBAY AND CALCUTTA

Bombay is known as the commercial city. There is much truth in that knowledge. It is one of the most important centres of modern industry not only in India, but also in Asia. By comparison, Calcutta's economic base is very weak and to a great extent the decay of the existing Calcutta city may be attributed to its narrow economic base relative to its problems. But what made Bombay so rich? Is it because that Bombay is traditionally a disciplined and enterprising city? How could Bombay, which had practically very little or nothing in comparison to the riches of Calcutta at the time of its creation, be the most viable economic centre of India? The answer has to be sought in the history of the colonial economic policy of India and the legacies thereof which specially crippled Calcutta's metropolitan economy. The export-oriented trading economy of Calcutta based on the production of jute and tea which existed during colonial period continued to exist even after independence. As the seat of colonial power was in Calcutta in the formative years of Indian colonialism, it was quite natural that Calcutta and its surrounding hinterlands would be immediate victims of the colonial policy of unequal exchange of goods leading to the virtual denial of any return. Exports from Calcutta as well as from the whole Eastern Region of Bengal, Bihar and Orissa gave the region the status of a 'developed area'. Such 'aura of development' later shaped the economy of Bengal in such a way that Calcutta was practically deprived of the subsequent developmental investment while other regions received enormous aids under the backward area programme.<sup>1</sup> However, along with the jute mills, the post-independent economic development of Bengal began to grow with a number of heavy engineering industries. But unfortunately, since these units were fully dependent upon public investment they suffered severely from the national recession during late sixties. The weak existence of other manufacturing industries, however, could not make up the loss. The absence of alternative viable manufacturing industries can be imputed to the kind of industrial inheritance that continued to exist in this part of India even after independence.

<sup>1</sup>A.N. Bose; *Calcutta and Rural Bengal—Small Sector Symbiosis*, 1978, p. 125.

Bombay's position, on the other hand, was much better mainly because Bombay had the 'mix' of basic metal and engineering industries which had been the core of employment in manufacturing units. Moreover, in Bombay, only a small fraction of the total capital employed in the engineering sector was in the capital intensive units while intensive use capital in Calcutta's engineering units was much higher.<sup>2</sup>

The net effect of the above kind of development was the absolute and relative decline of the economy of West Bengal especially, of the Calcutta metropolitan economy. From 1963 to 1975-76, the share of West Bengal in the total industrial production declined by more than 50 per cent (Table 6). As a result, the employment situation in the state suffered miserably. Since 1965 the volume of employment declined sharply and the industry sector became the net generator of absolute unemployment (Table 7). "This transformation of metropolitan industry sector from a generator of net new employment at an average annual rate of 5.6 per cent during 1961-65, however meagre it might have been compared to the need, to a generator of net new unemployment, at an average rate of 2.5 per cent during 1965-1969, brings to the fore the deep crisis of the Calcutta metropolitan economy".<sup>3</sup>

TABLE 6 GENERAL INDEX OF INDUSTRIAL PRODUCTION, WEST BENGAL AND INDIA, 1963-72 (Base : 1963=100)

Area	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973
1. West Bengal	106.6	112.8	104.8	103.1	104.4	99.3	94.3	95.6	97.9	96.9
2. India	108.6	118.6	117.7	116.7	124.2	133.0	139.3	143.6	153.9	154.8

SOURCE: A.N. Bose, *Calcutta and Rural Bengal—Small Sector Symbiosis*, 1978.

TABLE 7 EMPLOYMENT IN REGISTERED FACTORIES, WEST BENGAL, 1951-76

Year	Employment ('000)	Year	Employment ('000)
1951	652	1968	817
1955	647	1969	791
1958	668	1970	809
1961	781	1971	809
1963	817	1972	831
1965	880	1973	843
1966	840	1974	854
1967	832	1975	839
		1976	835

SOURCE: A.N. Bose, *op. cit.*

<sup>2</sup>Nigel Harris, *Economic Development, Cities and Planning: The Case of Bombay*, 1978, pp. 13-14.

<sup>3</sup>Bose, *op. cit.*, pp. 134-35.

The appalling condition of Calcutta's economy is also evident from its relatively poor performance in the export field. For example, during the eleven years between 1965-66—1976-77 while the total volume of engineering exports had increased by Rs. 5,222 million, for Eastern Region it was as low as Rs. 927 million. Further, Calcutta has often been regarded as a port city signifying its commercial activities. But in this area too, Calcutta lagged behind Bombay. In 1973-74, the share of Calcutta Port came down to 10 per cent from 43 per cent in 1951-52, in the total goods handled by different ports of the country. In 1951-52, the corresponding share of Bombay Port was less than 34 per cent. During the period between 1951-52 and 1973-74, cargo handled at Calcutta port declined by 35 per cent while that at Bombay increased by 2.6 times.<sup>4</sup>

The mix of Bombay's industries provided Bombay with a more stable economic base than Calcutta's in terms of both short and long term growth. This is important in creating the relative high wages paid by the industry which sustains the relatively high consumer expenditure in the city—60 per cent above the all India average, the highest of any major Indian city.<sup>5</sup> Above all, the financial component in Bombay's economy assumes much more gravity than any other Indian cities do. By 1972, 70 per cent of India's bank deposits were held by banks with headquarters in Bombay and the volume of business is accordingly larger than in the other main centres of finance in India. Bombay, on an average clears, nearly twice as many cheques as Calcutta.<sup>6</sup>

The thrust of the observations made under the two specific sections above is that both the myth of Calcutta's bigness as well as the realistic overview of metropolitan Calcutta's lopsided economic background should sufficiently provide the basis for re-examining the notion that Calcutta is traditionally more death-prone compared to Bombay. But this in a way should suggest that the 'dying bogey' should now be shifted to Bombay. For, as we shall see now, both these two Indian cities like many other cities of Third World, have great degrees of commonality between them and are capable of absorbing such common elements which do not cause death, but rather invigorate the lives of the two.

#### AREAS OF COMMONALITY

Slum dwelling, migration and informal sector occupation are the three common structural elements which are found to exist in both

<sup>4</sup>Bose, *op. cit.*, pp. 136-37.

<sup>5</sup>Harris, *op. cit.*, p. 114.

<sup>6</sup>*Ibid.*, p. 16.

Bombay and Calcutta in more or less the same proportion. These three are the basic components of a social unit known as urban poor who constitute nearly half of the citizens of both these cities. It is this urban group which has of late been made most conspicuous eyesores for affecting the quality of life in India's major cities. There is no doubt that slums serve as the entry points for the ever increasing vast mass of migrants who come to the cities like Bombay or Calcutta for livelihood and create pressures of the existing municipal amenities and services. But the ugliness and squalor which slums inflict on the cities like Bombay and Calcutta are not something new to the cities, they are inextricably linked up with history of these two cities themselves. In fact, much of the existing problems of India's major cities like Bombay and Calcutta have their origin in the colonial urban policy. According to the social historians, the unequal physical spatial forms which characterised the colonial urban development often remained unchanged and the newcomers had merely reinforced the old structures of these cities without altering them.<sup>7</sup>

Who are these slum dwellers? How do they contribute to the cities? There is now a general consensus among the scholars in the field that slum dwellers who constitute half of the population of cities like Bombay and Calcutta are predominantly the migrants (Table 8). The history of migration in these cities is the history of survival. If one carefully looks at the historical development of the population of these two cities then one finds that in the formative years of their growth, only a tiny minority could actually claim these cities as its birth rights. The historic process of migration remains the basic determinant of the population of Bombay and Calcutta till today. The process itself is the product as well as the instrument of the course of events through which these two cities have developed over the years. The net effect of the whole process has been the creation of conditions for the sustenance of the economy of these two cities as well as for the survival of the migrants themselves. However, it should be made clear that not all these migrants reside in slums. Lack of data do not allow us to know as to what proportion of migrants lived in slums of these cities in different periods. But the current information on slum population suggests that most of the slum dwellers are virtually migrants to these cities (Table 8).

Current research on the characteristics of slum population of Bombay and Calcutta also suggests that a sizeable portion of slum people provide the necessary source of cheap labour for those economic activities in India's metropolitan economy which are known as urban informal sectors (Table 8). This sector, ranging in activities from

<sup>7</sup>A.D. King, *Colonial Urban Development, Culture, Social Power and Environment*, London, 1976, p. 283.

TABLE 8 PROPORTION OF SLUM POPULATION IN TOTAL POPULATION, PROPORTION OF EMPLOYMENT IN THE INFORMAL SECTOR, PROPORTION OF MIGRANTS IN THE SLUM POPULATION AND PROPORTION OF SLUM POPULATION IN THE UNORGANISED OR INFORMAL SECTOR IN GREATER BOMBAY AND CALCUTTA

	Greater Bombay	Calcutta
(a) Percentage of slum population in total population	51.03	49.34
(b) Percentage of employment in informal sector	55	41*
(c) Percentage of migrants in the slum population/pavement dwellers	86	93.33†
(d) Percentage of slum population employed in unorganised or informal sector	80	69

SOURCE : *Greater Bombay*

(a) Rudolf C. Heredia, *Settlements and Shelter*, 1985.

(b) A. T. M. Nurul Amin, "The Informal Sector As a Model of Analysis", *Jahangirnagar Economic Review*, Vol. 1, Number 1, June, 1983.

(c) S.S. Jha, *Relocation and Improvement of Slums in Metropolis: A Study in Slums*, Department of Society, University of Bombay, 1983.

(d) *Ibid.*

*Calcutta MC*

(a) Calcutta Metropolitan statistics, CMDA, 1983.

(b) Amin, *op. cit.*

(c) A.M. Singh and D' Souza, *The Urban Poor*, 1980.

(d) *Ibid.*

\*Refers to only employment in informal manufacturing.

†Related to migrants in the population of pavement dwellers.

shoe shine to unorganised small scale manufacture, engages nearly forty to fifty per cent of the total labour force in any Indian city—a proportion that roughly tallies with the percentage of slum population in the total population of these cities. The unorganised sector in turn substantially (sometimes openly, but mostly in a latent way) contribute to the economy of the major cities through its various linkages (market and production) with the apparently predominant formal organised sectors.<sup>8</sup> The forms and contents of such linkages between formal and informal sectors in these cities have assumed such dimensions

<sup>8</sup>For production linkage through sub-contracting see. S. Watanbe, "Technological Linkage Between Formal and Informal Manufacturing Industries", *World Employment Programme No. 34*, I.L.O. 1978. Also see J. Harris, "Character of Urban Economy: Small Scale Production and Labour Markets", *Economic and Political Weekly*, June 5-12, 1982. For the operation of marketing linkage see T.M.S. Isaac, "Class Struggle and Structural Changes: Coir Mat and Matting Industry in Kerala 1950-1980", *Economic and Political Weekly*, July 31, 1982.

that the economists who are presently working on this particular aspect are almost one in the conclusion that the backwardness of the informal unorganised sector has been a necessary condition for the development of the formal organised large-scale sectors in Indian urban economic structure.<sup>9</sup> This, in a way would give us an indication of how the slum-dwellers of major Indian cities keep these cities' economic lives alive.

The three components of migration, slum dwelling and unorganised economic behaviour of urban poor have virtually created a stratified social system within Bombay and Calcutta. Meagre income, poor literacy, insecure working conditions, sub-human living conditions together with many other features of destitution are some of the characteristics of slum dwellers which have greatly contributed to the lowest level of social stratification to which the urban poor belong. In this regard, it will not be an exaggeration to say that if at all there is any impact of a dying city, it is this poor segment of the city's population which is more susceptible to it rather than the general population. But surprisingly, there is hardly any complaint from the poor regarding the fear of such an impact not withstanding the fact that they are the immediate victims of any sort of deterioration because of the already existing appalling conditions in which they live. Why should they complain? To them, the question of survival precedes the sense of anything else.

Thus, the history of Bombay and Calcutta is the history of survival. Despite its considerable bearing on the physical deterioration, the phenomenon of survival has, in reality, led to the growth and development of these two cities. Bombay is flourishing every now and then and it is now well-established that the haters of Bombay are no good leavers. Calcutta, though lagging behind Bombay in matters of certain tangible comforts, is yet to be declared a dark or dead city. It still exists as the fountain of hope to a sizeable humanity of eastern India and perhaps would continue to be the city of that kind that would tease the intellects of the rest for many more years. So far as the deterioration aspect is concerned, it may be observed that everything on earth is limited by time and use. Bombay and Calcutta are old enough to undergo wear and tear. In terms of use, it can be said that these two cities were the prime victims of colonial exploitation. Wrong projections in planning and the lack of an integrated urban policy at national level have further added to the misuse of these cities. But both the time-barred weary and the misuse of Bombay and Calcutta have hardly been proved inimical to their development and survival of the people who reside there.

<sup>9</sup>See Bose, *op. cit.*

This explains how the life in these cities goes on. Paradoxically, the social ecology of Bombay and Calcutta is based on a unique and complex combination of the phenomena of survival, development and deterioration. While all these phenomena are complementary, each one overlapping with the other, the phenomenon of survival is dominant and instrumental one and development and deterioration have to be seen and analysed within this larger context of survival. However, the question of death with regard to the cities under reference can only emerge when the survival issues is side-tracked, that is, only when the people involved with the process of survival are forcibly asked to leave these cities without any viable alternatives. This appears to be a farthestmost possibility, since, according to some of the current theses in the field, the political economy of the Third World Urbanisation has been one of maintaining the *status quo* of a built-in process of gearing the urban informal sector towards maximising earnings with minimum cost and level of consumption by cutting down on the need of urban infrastructure and basic amenities like housing, water and sanitation.<sup>10</sup>



<sup>10</sup>For a detailed discussion on this aspect of political economy of Third World Urbanisation, see H. Safa, *Towards a Political Economy of Urbanisation in Third World*, 1982 and Bryan Roberts, *Cities of Peasants: The Political Economy of Urbanisation in the Third World*, 1978.

# *Rent Control in India: Its Economic Effects and Implementation in Bangalore\**

VINOD K. TEWARI and T. KRISHNA KUMAR

## I

### INTRODUCTION

AS IN the rest of the world, the rent control legislation in India owes its origin to the two World Wars. Originally conceived purely as a temporary measure of regulation, its perpetuation to the present day has been dictated by the continuing, or, in fact, aggravating, housing shortage in the country. With active industrialization and consequent urbanization, the Indian housing market has been characterized by a rapid growth in demand. Such a rapid growth in housing demand is not adequately met by supply due to shortage of building material and lack of adequate financial resources needed for housing investment. Most of the residential stock is under private ownership as the initiative for residential housing investment lies primarily in the private sector. Further, there are government controls on urban land use through various legislations such as Urban Land Ceiling and Regulation Act, Land Acquisition Act, and Development Authority Act. In such a context, rent control, far from being used as an evolutionary or adaptive legislative process, has tended to degenerate into a static device, with standard, base-state provisions being extended in application from time to time and from place to place.

The purpose of this article is to survey the implementation of rent

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control in a particular urban housing market, Bangalore City. Located in south central India, Bangalore is the seventh largest city in India, with a population of approximately 3 million in 1986. In addition, Bangalore is one of the fastest growing large cities in India, with an average annual growth rate of seven per cent per year in the last decade.

The focus of this article is a careful description of the rent control laws in Bangalore, their enforcement, and a review of literature on Indian rent control, and selected other literature on rent control. A companion paper is being prepared which will present econometric estimates of the costs and benefits of rent control, and which will make recommendations for changes in current policies based on these estimates.

This article is organized as follows. The next section describes the legal framework of Bangalore rent control. However, actual effects on housing markets depend on how the laws are enforced, so Section III then describes the current implementation of those laws. Sections IV and V survey relevant literature on rent control in India, and in other countries, respectively. The concluding section describes the likely effects of rent control in Bangalore, in the light of the preceding sections. This concluding section also suggests certain hypotheses.

## II

### THE LEGAL FRAMEWORK OF BANGALORE RENT CONTROL

Several temporary legislations were enforced in the 1940s and early 1950s to cater to war time and post-war housing crisis in different parts of the country. Examples are the Bombay Rent Restriction Act, 1939; Bombay Rents and Hotel Rates and Lodging House Rates (Control) Act, 1944; Bengal House Rent Control Order, 1942; Bengal Hotels and Lodging Houses Control Order, 1942; Calcutta House Rent Control Order, 1942; Calcutta Rent Ordinance, 1946; West Bengal Rent Control (Temporary Provisions) Act, 1950; etc. Designed to protect urban tenants from escalating rents and hotel rates, these enactments showed varying geographical coverage, and each succeeding legislation was a refinement over the previous ones.

Rent control in the country assumed some measure of permanence with the introduction of the Bombay Rents, Hotel and Lodging House Rates Control Act, 1947. True to the federal spirit, Housing was included as a State subject in the Indian Constitution. As a result, it fell to the lot of the state governments to frame their own Rent Control Laws. So, subsequent legislations were brought in force in different parts of the country—all of them broadly similar in their general thrust and tenor, except for some minor and specific variations.

Rent control came into effective operation in almost all the states in the country by 1975.

Confining attention to the focus of this paper, viz., residential housing, the main objectives of the legislation, as are apparent from a reading of the preamble in the various Acts, can be stated as follows:

- (a) to control letting rates and letting operations so as to protect the tenant from various hardships;
- (b) to assist persons belonging to 'priority' groups, such as state and central government employees, members of the State Legislative or Parliament, in their search for desirable rented accommodation;
- (c) to prevent indiscriminate eviction of tenants by unscrupulous landlords;
- (d) to lay down obligations and duties of landlords *vis-a-vis* maintenance and upkeep of their rented properties; and
- (e) to protect the landlord from tenants who default in paying rent or misuse the premises.

However, to gain a clearer understanding of the policy behind the law, one has to read the statements of objectives and reasons given by the Government to the Legislature at the time of passing the concerned law. In the absence of a survey of such statements covering all laws and in all states, one has to be content with the above list.

The provisions in the various Acts corresponding to these objectives, cover : (i) control over letting and leasing of vacant buildings; (ii) determination of 'standard' or 'fair' rent; (iii) providing rights to tenants against unreasonable and improper recovery of possession of tenanted premises by landlords; (iv) correspondingly, providing landlords with some rights of recovery of premises for self-occupation and remodelling; (v) giving rights to tenants in respect of repairs and maintenance of the premises, and avoidance of harassment in respect of services and utilities; and (vi) correspondingly, giving certain rights to landlords for timely receipt of rents and protection against unauthorized subletting and misuse of premises.

Salient features of various provisions of the Karnataka Rent Control Act (1961) that may be taken as representative of several Acts in force in the country, are discussed in the following pages.

#### *Letting and Leasing of Vacant Buildings*

The Act stipulates that every landlord should, within 15 days after the building becomes vacant by his ceasing to occupy it or by the termination of a tenancy or by eviction of the tenant or by the release of the building from requisition, or otherwise, inform the Rent Controller about the vacancy (Government of Karnataka, 1984). No

person may occupy, let or otherwise use any building without such intimation to the Rent Controller. Where these conditions are not complied with, the landlord may be punished with fine ranging from Rs. 50 to Rs. 1,000 and his unit is brought under the purview of rent Control. The Rent Controller employs his own vigilance staff to bring such cases to his notice.

In these matters, buildings which are less than five years old, and residential buildings with monthly rent less than Rs. 15 are exempt from the purview of rent control.

The Controller, by order served on the landlord, directs that the vacant building be given to the landlord for his own use and occupation or on lease to such public authority or person as he may think fit. No order of leasing may be passed by the Rent Controller in favour of a person not being the landlord, or any member of whose family owns a residential building in the same city or town or village in which the vacant building is stipulated.

Where the vacancy of any building is required to be intimated to the Rent Controller, but is not so intimated and given on rent at the discretion of the landlord, the Controller may direct the tenant to vacate the building and take possession of it for allotment according to the Rent Control Rules.

#### *Determination of 'Fair' or 'Standard' Rent*

Fixation of 'fair rent' is taken up by the Rent Controller *only* on receipt of an application for the same from a landlord or tenant of any building in respect of which the fair rent has not been fixed either before or after the coming into operation of the 1961 Act. In fixing the fair rent of a building constructed before April 1947 the Controller gives due regard to prevailing rates in the locality for the same or similar accommodation during the 12 months prior to April 1, 1947, to the rental value as entered in the property tax assessment book of the local authority and to other circumstances of the case, and he may allow an increase not exceeding 50 per cent of such rate or rental value. For buildings constructed after April 1, 1947, fair rent is taken as the rental value of the building in the year of its construction, as entered in the property tax assessment records; or, when such records are not available, fair rent is computed at 6 per cent per annum, of the cost of construction and the market value of the site as at the time of commencement of construction.<sup>1</sup> Buildings constructed and let out

<sup>1</sup>The 6 per cent rate of return may be compared with the following rate of return figures prevailing in the year 1962, around the time the 1961 legislation was enacted. The rate of return on riskless central government securities was 4.50 per cent. The average rate of return on variable dividend industrial securities was 6.93 (Reserve Bank of India, 1964).

after August 1, 1957, enjoy a "rent holiday" period of five years, when the fair rent would be the rent first agreed upon between landlord and tenant.

The Acts in some states have incorporated provisions to increase fair rents periodically, from the frozen base-year levels, e.g., West Bengal and Haryana. More progressively, the Tamil Nadu Act (1960) introduced an amendment (1973) to determine fair rent for new properties on the basis of cost of construction plus market value of the site *as at the time of application for fair rent fixation*.

As a rule, rent control legislation does not recognize sub-tenants and licenses in estimation of fair rent. Since it operates "in rem" and not "in personam", the fair rent determined in respect of a property is not influenced by user-type, but rather by capital value only. Fair rent thus becomes an attribute of the property once it is fixed.

Uniformly, "fair rent" as determined by the Rent Act and not "hypothetical rent" as defined in the various municipal Acts is used as the basis for assessment of properties. Insofar as this is based on capital value only, the value of occupation to the user is not recognized. In West Bengal, the fair rent for new structures is determined as a percentage, per annum, of the cost of construction plus the market value of land *plus* half the total amount of municipal rates and taxes payable per annum in respect of the premises.

#### *Protection from Eviction*

Eviction clauses are tilted heavily in favour of the tenant and there are stringent procedures and litigational delays involved even where the landlord is desirous of vacant possession for self-occupation.

Grounds for tenant eviction are: (a) failure on the part of the tenant to clear rent arrears; (b) erection of any permanent structure on the premises without the landlord's consent; (c) misconduct on the part of the tenant, (d) unlawful sub-letting by the tenant; (e) construction or acquisition of another building by the tenant; (f) major repairs to be undertaken by the landlord; and (g) genuine appeal by the landlord for self occupation.

#### *Recovered Premises*

Premises may be recovered by the landlord on any of three counts: recovery for repairs, for own occupation, and for demolition and reconstruction. The tenant's right to re-entry is protected in all three cases. Besides, the tenant enjoys first priority for tenancy in the new or modified structure. Safeguard against misguided recovery of tenanted premises by landlords have been provided under the Act. For example, if the landlord does not move into the recovered premises within three months, or if he re-lets the unit to any other tenant

within a year, he may be moved by a Court order to place the original tenant in occupation on the original terms and conditions.

### *Repairs and Maintenance*

Every landlord is bound to keep the building in reasonably good repair, besides ensuring essential services like water, electricity, lights in passages and on staircases, lifts and conservancy or sanitary facilities. Where the landlord fails to make the repairs himself and deduct the cost of such repairs from the rent, up to a maximum of 1/12 of the rent payable by him in that year. Where the cost of repairs exceeds this amount, the tenant may prevail upon the landlord through a court order.

The rent control legislation affects different segments of the rental residential housing market differently. Based on the applicability of the provisions of the Rent Control Act in Karnataka, the following segmentation of the rental market is identified. First, there are rented houses that are either allotted by the Rent Controller and/or whose "fair rent" is fixed by the Rent Controller. Second, there are rented houses which could come under the provisions of letting and leasing of vacant residential houses or fair rent fixation, but are not actually controlled by the Rent Controller in regard to these provisions. Third, those rented houses that do not come under the purview of the letting leasing or the fair rent fixation provisions of the rent control legislation. For convenience, the first type of rental housing units are termed *strictly controlled* residential housing units, the second type are termed *partially controlled* units, and the last type are termed *un-controlled* units. The provisions regarding the rights of landlords and tenants are applicable to all the three types of residential units.

## III

### IMPLEMENTATION OF RENT CONTROL IN BANGALORE CITY

The Mysore House Rent and Accommodation Control order was first promulgated in 1941 in the old princely state of Mysore, and was subsequently replaced by an Act in 1951. In those parts of the present Karnataka state which were formerly parts of old Bombay, Madras, and Hyderabad states (a consequence of reorganization of States in 1956), the rent control enactments had even a longer history. After the reorganization, the various Acts in force in the different parts of the Karnataka state were repealed and the Karnataka Rent Control Act (KRCA), 1961 was enacted (Government of Karnataka, 1984). Thus, the main objective of the KRCA of 1961 was to consolidate and unify the provisions of different state legislations. Rules were also framed under the Act, prescribing *inter alia*, the procedures and priorities for allotment of vacant houses, and for fixation of fair rents.

The discussion and inferences presented in this section on the implementation of the Rent Act are based on: (i) Karnataka Rent Control Act, 1961; (ii) informal interviews with a purposive sample of households (20 households); and (iii) informal interviews with a Rent Controller and a few government officials associated with the implementation of the Act.

The Act is divided into seven parts<sup>2</sup> which are selectively made applicable to different areas in the state, depending on the level of urbanization of the areas concerned and local needs. In the case of Bangalore City, all the seven parts are applicable to areas within the city corporation limits and areas within a radius of three kilometres from those limits.

Parts II and III regarding lease of buildings and fair rent do not apply to buildings constructed after August 1, 1957, for a period of five years from the date of construction of such buildings. The law applies to any building or hut or part of a building or hut other than a farmhouse let or to be let separately for residential or non-residential purposes.

By the end of December 1983, the Act had undergone eight amendments, through the Acts 14 of 1969, 16 of 1970, 31 of 1975, 26 of 1976, 66 of 1976, 3 of 1978, 13 of 1980, 17 of 1983 and 6 of 1984. Some of these Amendment Acts merely extended the duration of the law for a further period of five years. Amendments involving substantial changes in the law were made on the basis of experience, either to remove operational difficulties or to take into account reasonable complaints of both tenants and landlords, voiced in the state legislature as well as outside it.

The responsibility of implementing the various provisions of the Rent Control Act is vested in the Rent Controller, the Civil Court (e.g., in Bangalore, the Small Causes Court), and the prescribed authority. Lease of building, fixation of fair rent, increasing the rent, eviction, giving possessions as also conversion of residential buildings to non-residential buildings are the functions entrusted to the Rent Controllers who are the executive officers of the State Government and enjoy quasi-judicial powers. The Rent Controllers have been designated as prescribed authorities for the implementation of certain provisions of the Act brought into force through later amendments.

Bangalore City has two Rent Controllers, one for the city area and the other for the Cantonment (civil) area, coming under the Deputy Commissioner, Bangalore District, respectively. The House Rent Controller (city area) and the House Rent Controller (civil area) have a field force of five Revenue Inspectors each.

<sup>2</sup> 1. preliminary; 2. lease of buildings; 3. provisions regarding rent; 4. deposit of rent; 5. control on eviction of tenants and obligations of landlords; 5-a special provision; 6. hotels and lodging houses; and 7. miscellaneous.

Adjudication of disputes between tenants and landlords relating to payment of rent, recovery of possession, and provision of services are within the jurisdiction of civil courts.

### *Lease of Buildings*

Under the provisions of the Rent Control Act, whenever a house which is more than five years old becomes vacant, the landlord must give intimation of the vacancy to the Controller within fifteen days, who, in turn, starts the process of allotment of the house to a tenant, according to the Rent Control Rules. In practice, landlords seldom give such intimation to the Controller, unless they feel compelled to do so due to various reasons. One of such reasons may be the fear that informants such as tenants vacating a rental unit, prospective tenants, middlemen, or the general public may report the vacancy to the Controller and the landlord may be penalized. Rent Controller's vigilance staff, responsible for keeping track of the vacancies are, quite often, under pressure to ignore house-vacation they come across. The pressure may be exerted through monetary incentives from landlords and unauthorized tenants, or through political or bureaucratic influence.

Often, even at the Rent Controller's level, influence and other considerations play a part in keeping the vacant house outside the Rent Controllers' net. Many times, the landlords abstain from reporting a vacancy, by claiming that the house has been given to a paying guest, converted into a lodging house, or, is under a mortgage with possession. The landlords then ensure that the field staff accept the claim without verification. Even when the house vacancy has been reported, the Rent Controller has initiated the proceedings for its allotment, the landlords often manage to gain their own ends. One common method is to declare, in collusion with the Rent Controller, the rent of the house at a figure which is even higher than the market rent of uncontrolled units of similar type. In such a case, usually, the Controller does not get any application for allotment, and feels free to permit the landlord to lease out the unit to a tenant of his own choice.

Another method pertains to the 'directive', an order which compels the Rent Controller to allot the house to a given person. Where there is a big difference between the market rent of the house and the fair rent likely to be fixed for it, the landlord has a strong incentive to prevent the issue of a directive. This incentive can be as strong as the efforts of the eligible applicants to secure a directive. Influence and money come into play in such cases at the level of the state government. Yet another way is to enter into a collusive litigation with the outgoing tenant in a civil court and obtain a decree which could, under

favourable circumstances, force the hand of the Rent Controller to allow the landlord to retain possession of the vacated house.

Furthermore, even when a landlord is actually caught in the act of violating any of the injunctions of the Act, he goes scot-free, since no action is taken to file a criminal prosecution against him by the police department. In the rare cases where the police authorities are moved to file a prosecution, it is alleged that the judicial system tends to levy negligible penalties, and even these are often avoided by offering bribes to the staff of the judicial system. Thus, violation of law does not seem to bring down any effective punishment on the defaulter.

Where a landlord has failed to save his unit from the ambit of Rent Control at the levels of the Revenue Inspectors and the Rent Controller, he appeals against the Rent Controller's allotment to the district court, provided he is prepared to go through the exacting process involved. The Rent Controller's decision on allotment may be and is, in many cases, revoked. Here, the main considerations are, choice of tenant, fixation of fair rent, and requirement of landlord for self-occupation of the unit, etc.

The proportion of houses, finally allotted to tenants through the Rent Controller, to the total housing stock turns out to be a small fraction. Based on enquiries made from Rent Controller and other knowledgeable officials of the state government, in the year 1984, the proportion for Bangalore City is estimated at about 2 per cent or even less. According to a sample survey conducted in 1974, 62.8 per cent of the total households in the city lived in rented dwellings (Prakasa Rao and Tewari, 1979). This percentage would be at least 65 per cent in 1984. Out of this, the houses that do not come under the purview of Part II of the Act for allotment through the Controller, may be about 45 per cent; about 15 per cent being less than 5 years old; about 10 per cent because of monthly rent of less than Rs. 15; and about 20 per cent because of the reason that the present tenant occupied the house at the time when it was less than 5 years old. Thus it is estimated that while, according to the provisions of the Act, about 20 per cent of houses should get allotted through the Rent Controller, in practice, it takes place in only about 2 per cent of the cases.

In the year 1983-84, in Bangalore City, about 2,600 cases were notified. Of these, only about 40 per cent could be allotted by the Controller. The rest of the units could not be allotted because of several reasons such as landlords requested for self-occupation, landlords proved that the houses were not vacant, etc.

In 1976, the Karnataka State Government passed an Act (Act 66 of 1976) encouraging both the landlords and the tenants to voluntarily declare unauthorised or illegal occupation contravening the provisions of the Rent Control Act. Special provisions were made in the Act,

incorporated as Part VA, to regularize such voluntary declarations. The procedures laid down for the regularization of the declaration are so perfunctory that the order of regularization can be reversed easily in appeal to higher authority. Indeed, the High Court has already ruled that regularization on the strength of a unilateral declaration by the tenant, without giving a hearing to the landlord (which seems to be permitted in the present wording of the Act), cannot be sustained. But regularization can be ordered with the consent of parties, and this seems to have been done in many cases. However, the law has yielded a very large number of declarations in Bangalore City, and the great majority of them seem to be lying with the House Rent controllers without attention ever since they were received.

### *Procedure for Allotment*

On receipt of the intimation of the vacancy of a residential building, the Controller fixes a date for hearing the case, and publishes the intimation on his notice board for the information of all persons who may be desirous of applying for the house. The Controller also intimates the date of the first hearing to the landlord. On receipt of this notice, the landlord has the option to apply to the Controller to allow occupation of the house for his own use. Such application for personal occupation has to be considered by the Controller along with the claims of other applicants for allotment. The Controller also makes a report to the state government, addressed to the officer who is authorized by the state government to issue directives under the Act, giving particulars of the vacancy and the date for which the case stands posted. If a directive is issued by the authorized officer in favour of any public authority or any officer of the state government or the central government, the controller complies with it regardless of the applications before him.

In cases where a part of the building is to be leased, the Controller gives due regard to the customer, manners and social conventions of the persons occupying the remaining portion of the building, as urged by the landlord or other person in possession, insofar as those are not opposed to law, public order, morality or health.

An applicant for a rent-controlled unit is eligible for allotment only if he is a resident of Bangalore and if he or his family members do not own or possess a house in the city.<sup>3</sup>

On confirmation of eligibility, potential applicants must get themselves registered at the concerned House Rent Control Office. Prescribed forms with fixed denominations of court fee stamps are available

<sup>3</sup>Until the Act was amended in 1976, there were no restrictions against making allotments to persons owning residential buildings in the same city.

for the purpose. Only registered persons can apply for houses notified vacant by the controller.

An applicant for a house notified as vacant by the Rent Controller must fill a second form accompanied by the required court fee stamp. He must also pay a month's rent as deposit at the time of application. He may apply for any number of units notified, but on separate application forms and with separate deposit amounts.

Allotment of any unit is subject to the priority list, which effectively acts as a norm for allotment. The priority in allotment favours members of the state legislature, members of Parliament, employees of the State and Central Government, employees of the public sector, etc. (Table 1), and is limited to those persons whose household income is

TABLE 1 ORDER OF PRIORITY IN ALLOTMENT OF RESIDENTIAL BUILDINGS

<i>Order of Priority</i>	<i>Public Authority/Person</i>
1	Direction holder.
2	Government of Karnataka (for any Minister, Judge of the High Court or Tribunal, Members of the Legislature, the Presiding Officers of the Legislature, Deputy Presiding Officers, Government Whips of both the Houses, Members of any Committee or Board or Corporation or its employees).
3	Central Government (for its employees).
4	Any person who vacates the Government residential accommodation or who has been evicted from Government buildings.
5	Any person who has been served with notice for termination of tenancy under the proviso to clause (b) of Section 21-A.
6	Any person who has been ordered to be evicted under Clause (h) of Sub-Section (1) of Section 21.
7	Any other public authority for providing accommodation to its employees.
8	Members of the State Legislature or Parliament.
9	Officers employed under the State Government.
10	Officers employed under the Central Government.
11	Officers employed under any public authority.
12	Honorary Medical Officer employed in Government Hospitals in the area in which building is situated.
13	Part-time Professors or Lecturers employed in the Government Colleges in the area.
14	Persons employed in any Bank.
15	A member of any Committee, Board or Corporation constituted by the Government of Karnataka and who is required by virtue of his position as such member to reside in the area.
16	Any person employed in Indian Institute of Science, Indian Council of Agricultural Research, and Council of Scientific and Industrial Research.

NOTE: Priority 9 to 16 are applicable only if the person concerned is not in possession of any alternative accommodation.

not more than 10 times the rent of the concerned unit. Based on data obtained from Rent Controller's office, it is estimated that about two thirds of the total allotment in the recent years have gone to government servants.

It is very common for influential parties to lease out their own houses (outside the ambit of the Act) in the city at fancy rates, and get a rent-controlled unit allotted for themselves. The provision of the Act prohibiting allotment of houses in favour of such persons, introduced by an amendment in 1976, has not been enforced effectively. Only the District Court, and not the Rent Controller, is empowered to evict an allottee in the event such a violation is discovered.

### Fixation of Fair Rent

The order of allotment in respect of a building issued by the Controller, specifies the rent at which the building is to be leased to the allottee. This rent should not be less than:

- (i) the fair rent, if any, fixed for the building; or
- (ii) the rent last paid, if any fair rent has not been fixed; or
- (iii) rent determined by the Controller on the basis of the rental value of the building as entered in the property tax assessment book of the local authority, if no rent was last paid; or
- (iv) rent determined by the Controller on the basis of the prevailing rates of rent in the locality for similar buildings for similar circumstances, if no property tax has been assessed.

If the rent specified in the order is not the fair rent, the tenant or the landlord is entitled to apply for fixation of fair rent. Only on receipt of such a request from the landlord or the tenant, the Controller holds an inquiry as he thinks fit, to fix the fair rent for the building. The factors to be taken into account in determining fair rent are, the prevailing rates of rent in the locality for similar accommodation and circumstances, rental value as entered in the property tax assessment book of the Bangalore City Corporation, and the circumstances peculiar to the case, including any amounts paid by tenant in addition to rent.

For buildings constructed before April 1, 1947, the fair rent was sought to be fixed at rates prevailing during the twelve months prior to April 1, 1947. In the case of later constructions, if the rental value does not exist in the municipal records, the fair rent may be calculated on the basis of 6 per cent per annum of the aggregate amount of cost of construction and the market value of the land component on the date of commencement of the construction. In the case of buildings constructed after August 1, 1957, the provisions of fixation of fair rent

do not apply for a period of first five years. The provisions are applicable in all other cases irrespective of whether the buildings are allotted by the Rent Controller or not. In practice, where after the stipulated holiday of five years, a rental unit comes up for fair rent fixation, in general, rent is fixed when first let out is taken as the fair rent. Fair rent remains fixed till such time as the landlord files a new petition with the Rent Controller for enhancement of rent and goes through the process of hearing. During the informal interviews, most of the respondents (landlords, tenants, officials) agreed with the view that, under the rent control rules, the Controller enjoys a lot of discretionary power in regard to fixation of fair rents. Rent Controller, on the other hand, felt that because of the lack of documentary evidence with his office in respect of previous rent, cost of construction, prevailing rents in neighbourhood, etc., of a building included under the rent control administration for the first time, the information as supplied by the landlord provides the only basis for determining fair rent.

Reassessment is almost never done in practice. Procedurally, the landlord may apply for an increase in fair rent where, some additions, improvements, or structural alterations in the unit have been carried out at landlord's expense or where the rate of tax, or cess, payable by the landlord is enhanced. However, only rarely such cases appear before the Rent Controller, as landlords who have no incentive even to carry out minimum necessary repairs in their rent-controlled units, seldom think of making any improvement in the structure and property. Tax rate increases are very unusual. There is no provision under the Act to allow an increase in fair rent on the plea of increases in cost of living.

Fair rent of a majority of rent-controlled units allotted during the past five years, is estimated to be in the range of Rs. 200 to 500 per month. But, in the case of units where fair rent was fixed in the earlier period, a majority fell in the rent category of less than Rs. 200 per month.

*Recovery of Possessions and Ejections*

Of the sixteen grounds on which a landlord can file a suit for recovery of possession, the most commonly used ones by the landlords are, default in payment of rent, unlawful subletting, and request for self-occupation. In cases of eviction on the ground of default in rent payment, the tenants are usually let off on payment of rent as per court order. One of the sections of the Act requires all landlords to

This provision of the law encourages the landlords to demand as much rent as possible during the rent control holiday period of first five years of construction.

issue receipts for rent received from tenants. In practice this is very rarely observed, and landlords often use the situation to their advantage in Court cases on default of payment.

Sub-letting of rented premises, in part or the whole, is not allowed under the Act, but this is very common practice among tenants holding lease for a long time. Such tenants who had taken the premises on lease a long time back, while moving their residences to other areas, instead of vacating the premises, sub-let the same at a rent much higher than what they pay to the landlords. The wide prevalence of sub-letting is a reflection of the Court's delay in deciding landlords' suits on the ground of unauthorized sub-letting.

All tenants, including those who had taken lease of a house at the time when it was less than five year old, and continue living in the same house, enjoy protection against eviction. Moreover, if a landlord of a house not allotted through the Controller asks the tenant to vacate the house, the vacancy has to be intimated to the Controller for allotment as per the Act. Therefore, landlords of houses which are more than 5 year old prefer to keep the old tenants in the houses, mainly, to avoid the allotment through Controller and fixation of fair rent as per the Act. The tenants of such units, usually, agree to an occasional small raise (once in three to five years) in the rent which lies in between the market rent and the rent-controlled rent, with countervailing assurances from the landlord as to proper maintenance. This situation prevails more in the cases where the landlord and the tenant share a building so as to have cordial relations.

Rent Controller's responsibility stops with allotment. No further monitoring is done by the Controller's office in respect of allotted buildings. Once the tenant moves in, there is no guarantee of regular payment of rent. The landlord may appeal against irregular payment or non-payment of rent to the District Court. This becomes time-consuming, the protracted procedures could and do put the landlord to severe hardships, sometimes for years on end.

From the landlords' side, the most common method of harassment of tenants is to cut off or withhold essential supplies and services such as, water supply and electricity. Also, the landlord's deliberately neglect maintenance of such rental buildings and thus, force the tenants either to live in unsatisfactory conditions or to carry out necessary repairs and maintenance at their own cost. The reasons for such an attitude of the landlords are, firstly, that the Act's procedures for increase of rent, from prevailing low levels, involve protracted litigation in civil courts which could prove unprofitable in the end, and secondly, very often landlords who want the house for self-occupation look upon the practice of harassment as a short-cut to recovery of possession instead of the courts.

It is often believed that the powers vested with the judiciary could lead to effective administration of justice. But the elaborate and highly time consuming procedures of the Courts lead to heavy backlogs in disposal of cases, and consequent postponement of relief even where such relief is considered urgent. Further, the House Rent Controller is seen as a comparatively junior officer in the administration, more often than not unqualified in knowledge and experience to do the discretionary mantle attached to the office. As such, decisions in matters of importance are suspected to be more the dictates of political and other superiors than the logical conclusions on merit (D'Souza, 1981).

Informal interviews with a sample of landlords and tenants showed that, as far as possible, both the landlords and the tenants try to avoid getting into the legal tangles on issues arising out of their differences, mainly to avoid the inordinate delays and problems associated with the litigation procedures.

Government officials, when interviewed on the issue of undue delays in redressal of grievances and pendency of cases in Courts and before the Controller, attributed the same to complicated legal practices and procedures and inadequate supporting staff required by the Courts and the Controllers. As on April 1, 1981, about 9,000 cases, under the Act, were pending in Small Causes Court, Bangalore.

#### IV

##### A REVIEW OF THE LITERATURE ON RENT CONTROL IN INDIA

Though rent control came to India about 45 years ago, a survey of the literature reveals a lack of analytical indepth studies on the subject. The literature may be broadly classified into two kinds—those which are mostly critical evaluations of the various rent control provisions, and a relative minority which deal with empirical examination of the several hypothesized effects of rent control. While it seems to be generally conceded that the ill-effects of rent control may or may not actually be in operation, there seems to be a near-unanimous opinion that the good effects of rent control, in terms of the social roles or objectives originally envisaged, are far from realization. Most of the literature touches upon the basic provisions of the different Acts, in varying degrees, and deals with the shortcomings of rent control intervention in furthering socio-economic goals.

For a general review of rent control legislation in the country, Datta (1972) and Khatkhate (1975) are noteworthy. Datta contends that rent control, by ignoring the two basic tests of *capacity* (in terms of profile) and *needs* (in terms of family characteristics) applicable to any equitable redistributive scheme, falls short of its avowed objective of protecting low-income tenants. On the same score, inequity may

also tend to arise as between landlord and tenant. It may be pointed out here that Datta seems to have imputed an objective to rent control which it did not possess. 'Rent' control was never meant to be an equitable redistribution device. In that the objective was to protect tenants, rent control could imply an income redistribution by acting as a subsidy to the (protected) tenant class from the landlord class. Further, as both landlord and tenant classes are subject to segmentation, the welfare implications to different types of tenants and landlords are not necessarily the same. On an aggregative level, the income classification and proportions of these different sub-classes may have to be analyzed before valid conclusions could be drawn.

Datta reasons also that, based as it is on only date of tenancy and date of completion of property, rent control has an inbuilt bias in favour of old tenants at the expense of recent migrants and mobile tenants, and in favour of relatively new construction and against old buildings. He argues further that rent control is a partial subsidy tied to consumption of housing space, and may, therefore, distort the consumer budget, forcing the tenant to occupy more space than he might wish.<sup>6</sup> Recent interviews with officials concerned in the case of Bangalore City reveal that even within the controlled housing market, there is a clear case of demand outstripping supply, thus supporting the hypothesis that the tenant is not enjoying the maximum-utility combination of dwelling attributes—for, besides consumption of space, quality and location factors may, also, be distorted. Even where the tenant does begin with a higher level of housing services than desired, the fact that maintenance of rental units is not monitored under rent control and so the landlord neglects maintenance could simply that a higher rate of depreciation would bring housing services in line with rents over some period of time.

Datta finally recommends a more general subsidy package for the low-income bracket, tailored to consumption of most basic necessities, including shelter. The administrative implications of such a scheme would need to be examined. Definitional problems apart, identification of the low-income groups and the kinds of housing services that would fulfil their needs, the financial resources and the extent of coordination required, and the sheer moral or social commitment involved, would all entail staggering tasks.

Khatkhate, in recognizing the failure of rent control as an intervention mechanism, suggests that a modified regime of rent control rather than a one-shot repeal of the law, is in order. She alleges that the practice of freezing standard rent at some historical level would both

<sup>6</sup>As Olsen (1972) points out, rent control could distort the consumer budget also in the other direction, i.e. forcing a tenant to consume less space than he might wish.

decrease the capital stock in housing through accelerated deterioration, and restrict fresh investment in housing in favour of better alternatives. State intervention in housing construction would then become necessary on a major scale, further accentuating resource constraints. In the existing context, rent control would also fail to protect, since either the tenant himself would have to bear the maintenance expenditure for his unit, or he would be forced to move out due to sheer wear and tear of his unit, thereby forfeiting his privileges under rent control. An interesting recommendation follows from his analysis, that rather than set an absolute level of rents, some norm of rate of return on invested capital may be introduced, with allowance for maintenance expenditure. Such a normative rate of return cannot be exceeded, and will be tied to the value of capital declared by the owner. Property tax assessment would act as a control against declaration of an inflated value.<sup>6</sup> Moreover, capital valuation may be updated once in five years, to allow for price changes and to eliminate administrative ambiguity. Increases in property values due to such updating could be used specifically for low-cost public housing schemes.

While the scheme suggested by Khatkhate is not without its virtues, some thought may have to go into its practical underpinnings. Water-tight assessment procedures would have to be evolved if the scheme is to serve its purpose. Norms may have to be identified for investment in different kinds of housing, and how exactly they would be tied to maintenance expenditure may need to be spelled out precisely. Updating of capital values once in five years would actually be a running year-to-year expenditure, with huge administrative requirements. Such expenditure may or may not be superior to that on subsidized mass-housing, but it remains a sound idea, at least in principle, and may be justified if there is a corresponding increase in tax revenues. Where increase in tax revenues from such quinquennial updating are to be recycled for public housing schemes, the implications for municipal administration are worth a thought; how will they deal with incremental costs of municipal services of tax collection? Further, at the individual level, the landlord would lose through such capital value increments, to the extent of the additional tax but he would make good the loss through the normative rate of return on the increased capital value. As to the individual tenant, it could only mean a rise in rent level every five years, the extent of which depends on the various attributes of the house, and such increases in rent are not necessarily accompanied by increase in income to absorb the same. This would cause considerable hardship to the old and fixed income tenants.

<sup>6</sup> This may not hold under the quite plausible assumption that tax rate is less than the allowed rate of return on capital.

Mohan (1982) identifies the monopsonist power of the tenant in a controlled situation, and argues that it could lead to artificial increases in rentals of new houses, but restricting supply of existing vacant property. As a result, rent control possibly protects only those tenants "who happen to have been tenants for a long time". As regards the negative effect of rent control on maintenance of existing buildings, Mohan moots a housing finance system with provision for house repair expenditure in general. However, the logistics of such a scheme are not spelled out by the author.

Making a transition to the empirical genre of writings, a few significant studies were sponsored by the National Buildings Organization (NBO), Government of India. These studies focused on the effect of rent control on housing investment, in the cities of Hyderabad, Delhi and Calcutta (NBO 1965, 1968). Rajadhyaksha's (1973) studies of Bombay and Ahmedabad limited themselves to the adverse effects of rent control on property values and municipal revenues.

The Delhi study by the NBO sampled 200 houses from all private residential houses constructed during 1951-1965 in the urban areas of Delhi covered by rent control. Tenants and owners were interviewed separately, besides officials and administration personnel. Regarding the provisions of the Delhi Rent Control Act, 1958, it was noted that the Rent Act covered residential accommodation only, and that it clashed directly with other special enactments like the Delhi Slum Area Act, 1956, over the issue of eviction of tenants. This was seen to hamper development and renewal of the slum areas in the city. Another egregious feature of the Delhi legislation was the provision for compulsory lease or acquisition of vacant property by the Government, for allotment to government offices and staff, embassies and their personnel, etc. Major lacunae identified in the legislation *per se* related to the protection of tenants twice over—both by general and by special law—and the lack of a systematic quantitative basis for allocation of housing space according to family needs. Also, new owners were given a rent holiday period of five years, thereby discriminating against old owners.<sup>7</sup>

Empirical analysis suggested that residential construction in Delhi as a whole, rose continuously from 1951-1965, with a marked step-up during the rent holiday period 1961-1965. The study erroneously concludes from this evidence that rent control has not had a negative effect on the rate of residential construction in the private sector. A possible contradiction may be identified here—the fact that residential construc-

<sup>7</sup>Older units do, in general, provide lower levels of housing services. Hence, even in an uncontrolled market, older units rent for less than new units. The empirical question to be answered is whether rent control further increases the size of this age-price discount, discriminating in favour of tenants of controlled units with a long tenancy tenure. (Malpezzi, 1986).

tion actually showed acceleration during the rent holiday 1961-1965 could itself imply some dampening influence of rent control. Unless factors other than rent control that affect residential house construction are considered in detail, one cannot shed much light on this topic.

Moreover, the rate of construction will not depend solely on rent control for its operation. The general growth pattern of the city of Delhi, the burgeoning employment opportunities, and the high returns to be realized in such a situation, would all go to increase total housing construction, notwithstanding the negative impact of rent control. To study its effect on *rental* housing may be more in order.

Rent control was also seen to exercise very little influence on the nature of occupancy or tenure status of new houses in the formal sector. Among the houses that came up in 1961-1965, 8 per cent were found to be occupied solely by tenants, 41 per cent of the houses were shared between tenants and owners, while 51 per cent were completely owner-occupied. This was in line with the historical trend towards owner occupancy in Delhi.

Since a portion of the period under scrutiny in this case corresponds to the rent holiday—some of the houses sampled were constructed in 1961-1965, and the Delhi Act provides a five-year rent holiday for buildings rented out/constructed after June 9, 1955, where fair rent would be the rent agreed upon when first let—the sampling may have been too narrow to truly reflect the impact of rent control on tenure status. However, the figures reveal that over 40 per cent of the landlords built houses partly for themselves and partly for the rental housing market.

The study calculated the economic rent (the concept of economic rent used is not defined, though) for single-room units at Rs. 28 per month, while 78 per cent of the households in urban Delhi were found to be paying rents less than Rs. 26 per month. Accordingly, it was recommended that a majority of the population needed subsidized or low-cost housing, rather than rental protection; the subsidy forthcoming under such a scheme could be the difference between economic rent and afforded rent—affordability being loosely defined in terms of family income and rent actually paid. Difficulties in determining “afforded rent” and the financial implications to government are the serious practical problems under this recommendation.

The study could not mobilize information on the standard of maintenance or on the extent of conversion of rental units into the sale market. As a corollary the earlier comment on tenure status, it may be argued that the effect of rent control may be analyzed over a longer period and on an aggregative level. An attempted analysis of the effect of rent control on tenant mobility does not seem very conclusive.

On an average, tenant turnover, as reported by owners, was found to occur once in ten years, but tenants reported an average shift once in five years. This difference in reporting between owners and tenants could be a result of under reporting of vacancies by the owners. This was based on the pattern for 1951-1965. The low rates of mobility were associated with the dominance of professional and salaried class in the city of Delhi.

Finally, expansion of the uncontrolled sector in the high-rent segment and in areas with low pressure of occupancy was suggested, as also a bolstering of the rent control machinery, especially the maintenance of a complete official roster of all rent-controlled houses in the city.

In the case of Calcutta study by the NBO, the level of investment in housing was studied for the period 1951-1966, measured alternatively by number of houses constructed, total floor area, number of units (flats), and aggregate investment. This was matched against rental value and the rate of return measured. The analysis revealed that return on investment was an important determinant of housing investment. For Calcutta, the rate of return was found to be a U-shaped curve, implying a higher rate of return for low and high investment. Construction was accordingly polarized in favour of high-rent units, with increasing scarcity for the medium ranges.<sup>6</sup> The West Bengal Premises Tenancy Act (1956) contributed directly to this tendency by stipulating that the annual (controlled) rent for new construction would be  $6\frac{3}{4}$  per cent of construction cost and market value of land, because the normal rate of return for houses in the low and high ranges is less than  $6\frac{3}{4}$  per cent. In terms of *total volume*, the impact of rent control on housing construction was found not significant. Once again it must be said that this study did not consider all the factors that determine residential house construction. Thus it cannot claim that the effect of rent control on housing construction was found not significant. The study also revealed limited awareness on the part of tenants, regarding the various provisions of Rent Control. One basic amendment to the Rent Act was put forward to separate 'vacant lands' from the definition of 'premises' in the clause on eviction of tenants, as this was seen to hamper fresh construction.

Rajadhyaksha (1973) took the instances of Bombay and Ahmedabad to gauge the effect of rent control on municipal revenues through underassessment of properties. The methodology followed in the two cases was broadly similar. Unit letting rates were worked out according to locality, age (old or new), and use-type. Similar properties were

<sup>6</sup>It is possible that low-rent or low-income units escape controls, and that high income tenants are able to supplement the quoted rent by informal payments.

aggregated over localities to yield an average letting rate for a type of property.

In the case of Bombay, it was estimated that, because of the use of "standard rent" for assessment purposes, the Bombay Municipal Corporation lost Rs. 18.45 crore annually. Important reasons included: the exclusion of subtenants and licenses from the assessment procedure; static "standard rents" in the face of mounting municipal expenditures; determination of rental solely on the basis of capital value of property, with no cognizance of the use to which it was put; and non-use of the method of comparison in assessing owneroccupied, unlet or vacant properties. Besides, rent control led to collection of premia by the outgoing tenant, and by the landlord from the incoming tenant. In this latter case, the landlords' acceptance of premium could also imply a lower contractual rent than the standard rent, thus adding to tax evasion. The study revealed that "let out" cases were fast being taken over, for new constructions, by owners, licenses and members of cooperative societies.

For Ahmedabad, a 100 per cent improvement in municipal revenues was deemed possible if property assessment was not tied to the "standard rent" provisions of the Rent Act.<sup>9</sup> Owner-occupied properties seemed to enjoy favourable treatment, with ratable values at roughly 50 per cent of tenanted property values. The study does not describe the mode of assessment, or the reasons for such discrimination. One possible reason can be suggested. The revenue officials assessing the property values have a tendency to undervalue property not yielding rental income and over-value property that yields rental income. Underhand dealings were supposedly active, in the form of premia collection of excess rent as liquid cash, and absorption of tenant as a business partner, especially for industrial properties. Since, in Ahmedabad, the annual value of a property is tied to the user, the survey showed a marked difference in average letting rates between residential and commercial uses, for both old and new properties. Having been in the erstwhile state of Bombay till 1969, Gujarat came under the Bombay Rent Control Act, 1947, and the Bombay Provincial Municipal Corporation Act, 1949. The latter Act had originally recognized the value of occupation to an occupant, and had provided for apportionment of property tax payment between landlord and tenant, in cases where premises were sub-let or the rent charged for assessment was greater than the rent paid by the tenant. Subsequent amendments annulled this provision, however. The study makes a

<sup>9</sup>Strict adherence to ratable value based on market rent and not standard rent, will impose severe financial strain on fixed income landlords and tenants. It must be noted that urbanization has a tendency to increase property values at growth rate much higher than growth rates in incomes of the persons in fixed income group.

plea for a return to the earlier arrangement, where the tenant's share of the property tax could be the difference between the hypothetical rent and the standard rent of his unit.

Determination of hypothetical rent could prove a thorny issue, and leave scope for administrative ambiguity. The tenant's readiness to pay part of the property tax cannot be assumed, and measures to cope with resistance on this account may need to be devised.

Paul (1972) provides an insight into an entirely different aspect of the rental housing market. He attempted a cost-benefit analysis of subsidized housing policies, both rental and hire-purchase, of selected State Housing Boards. Studying the rental schemes of the Gujarat Housing Board (GHB), he classified tenements by investment cost and listed the actual number of tenements and the average investment per tenement for all categories. To gauge the efficacy of the subsidy scheme, the following measures were computed: (a) GHB's return on investment, *i.e.*, the annual subsidized rent less repairs, per tenement, as a percentage of the cost per tenement, and (b) planned rate of subsidy, *i.e.*, the difference between economic and subsidized rent, per tenement, as a percentage of economic rent. Interestingly, while the rate of return on the government's investment was (understandably) uniformly low (4.6 per cent to 5.2 per cent) except for the highest slab of scheme (9 per cent), the planned rate of subsidy was found to be progressive, *i.e.*, the rate of subsidy increased with cost of tenement and economic rent. A thorough review of the policy framework, as regards both allocation and pricing, is therefore suggested. The study could also have investigated the rate of construction of different tenements and matched it with the requirements in each class.

Gupta (1985) presents a wide-ranging study of urban housing in India, including analysis of urban housing demand and supply in India, and the role of slums in the urban context. On the supply side, the effects of rent control are discussed among several other determinants.

Kumar (1982) suggests a micro-economic analysis of housing demand and supply in India, in contrast to the aggregative approach of the past. He, in turn, provides pointers for future research on rent control: (a) study of the occupational and income distribution of tenants of houses that come under rent control; (b) the extent of enforcement of rent control, in terms of how many houses are actually controlled and how many are potentially subject to control; and (c) an econometric analysis of the rental market to estimate distribution of tenant-owner benefits under three comparative regimes: (i) with the present rent control system, (ii) with a modified rent-control system to allow updating of rents periodically, and (iii) with abolition of rent control in favour of a subsidized rental scheme, where only a "welfare rent" based on income, household size, etc., would be payable

by the tenant, the difference between the market rent and subsidized rent being met by the government.

V

RENT CONTROL—SOME THEORETICAL CONSIDERATIONS

The foregoing review of the Indian literature on rent control would seem to define the Indian effort as directed mainly at either institutional analysis or empirical testing, so much so that the necessary theoretical rigour in the background is found wanting. In the context it may be worthwhile to look at some of the studies in the non-Indian context on the subject of rent control, which could shed light on salient theoretical points.

Olsen (1972) develops and tests an econometric model aimed at measuring the extent and distribution of costs and benefits from rent control, and how tenant benefits from rent control are influenced by family characteristics. He assumes a controlled market for housing services, an uncontrolled market for housing services, and a market for non-housing services. The two latter markets are in turn assumed to be in perfectly competitive long-run equilibrium. Olsen suggests that *typical* families living in controlled housing are seen to pay a lower price for housing services than the uncontrolled price, and to occupy units emitting a lower level of housing service than in the uncontrolled market. Then, while rent control makes possible a greater consumption of non-housing goods by the controlled tenant, to the extent of the difference in controlled and uncontrolled rents, such tenant benefit is reduced by a decrease in consumption of housing service under rent control. Again, under rent control, there is no guarantee that the tenant will secure a unit embodying the desired level of housing service, so that there is no guarantee of the tenant reaching his demand curve under rent control. Olsen points out that his model excludes other attributes that rent control could distort, like *condition of unit*, and *location*, which may be critical factors in the consumer's housing decisions.

Olsen identifies present and past owners of controlled units, and taxpayers in general, as parties bearing the costs of rent control. If, during any period, the landlord were unable to vary the quantity of housing service embodied in his unit, he would be willing to pay difference between controlled and market rents for his unit, to keep it out of rent control during the period. But rent control can change *both* revenue and operating cost streams, so that the landlord can react to rent control by controlling his maintenance and repair inputs, thereby affecting the quantity of housing service offered under rent control.

Olsen cites Friedman and Stigler (1946), Grampp (1950), Grebler (1952) and Phelps, Brown and Wiseman (1964), who show the interplay between the attributes of *space* and *condition or quality*; whereas most controlled tenants would prefer less spacious quarters in better condition, some would prefer larger and lower quality units. Further, he cites a number of studies including those of Paish (1950) and Turvey (1957) to make the point that rent control could distort *locational preferences* of tenants, by creating incentives for people to continue staying where they are.

Olsen also refers to several relevant factors not included in his model, such as :

- (a) that controlled rent need not reflect the occupant's cost of housing, since supplementary payments and search costs are largely hidden costs. Besides there is no evidence of improved maintenance under rent control, in which case the tenant may have to upgrade his unit himself;
- (b) since rent control increases the risk-premium attached to housing investment, the cost of producing housing investment, the cost of producing housing services in the uncontrolled market may be higher under rent control, thus imposing long-run costs on tenants of uncontrolled housing;
- (c) that the implicit assumption, to justify rent control, that landlords are wealthier than tenants, need not hold. Johnson (1951) provides indirect evidence to refute the assumption; and
- (d) that rent control leads to highly random redistribution of wealth, through unequal effects on equally-situated parties (landlords, controlled tenants and uncontrolled tenants).

In his draft paper, Malpezzi (1985) sets out to review earlier models and related empirical work on the effects of rent control, their distribution, and the effects on household mobility. Rent control is placed first in a simple comparative static framework, where it could be treated either as a *simple price control* or as an *expenditure control*, and then in a dynamic perspective.

To view rent control as a *simple price control* with no dynamic price adjustments would imply that the price per unit of housing service charged by landlords is reduced by fiat. Then, the outcome would depend largely on supply elasticity. Assuming that long-run supply elasticity is infinite, the model would predict that no housing is produced in the long-run, under rent control.

To circumvent this obvious incongruity, recourse is taken to the expenditure control approach, where rent control limits the price-quantity combination of housing service rather than price alone. In such

a case, rent control can foster adjustments in the quantity of housing service supplied through variations in maintenance and repair inputs, over a short period. Over a longer period, the model predicts that such a decrease in quantity supplied will result in a return to long-run market supply price, by virtue of the fixed-expenditure condition.

Malpezzi reviews Moorehouse (1972) for a dynamic analysis of rent control. Moorehouse analyzes the optimal choice of maintenance inputs by value-maximizing landlords, under the assumptions of: (a) a three-input production function (capital, current inputs at some exogenous fixed rate, variable maintenance inputs), and (b) geometric physical depreciation of the unit, where rent control freezes nominal rents during an inflationary period, the time path of real rents would decline by the rate of general inflation less the rate of depreciation not offset by maintenance. Then, since in a competitive market with general inflation, rents must also rise to achieve dynamic equilibrium, rent control transfers the onus of adjustment on maintenance.

Malpezzi goes on to study other aspects of rent control. Johnson (1951) studies the distribution of income in the USA. Data limitations precluded comparison of the income distributions of renters as against landlords, but rental income was examined by income class. Found to be more important a source of income to lower-income households, rental income increased in absolute terms with income class, but decreased as a proportion of total income. This was taken as indirect evidence that landlords as a class are not necessarily richer than the tenant population.

Studying length-of-tenure discounts and mobility rates, with and without rent control, in southern California, Clark and Heskin (1982) found that, under rent control, tenant mobility decreased, except for the youngest group of renters. Length-of-tenure discounts were found to increase under rent control, with the differences larger for lower-income households.

Boersch-Supan (1983) found similar patterns, in constructing a detailed micro-economic model of a housing market under a rent control regime which froze real rents, lifted whenever a new household moved in. This could be plausible from the tenant side, with straightforward support from rent control law.

Applebaum and Gilderbloom (1983) studied the supply of housing through new construction, and used their results to argue for rent control as part of a larger housing strategy. Median rents for several US metropolitan areas were regressed on a variety of determinants, including the percentage of housing stock built in the last five years. A strong positive correlation was found between rents and new construction activity. This led Applebaum and Gilderbloom to argue that new construction, rather than lowering prices by increasing supply, may

instead bid up housing prices both by replacing older the cheaper stock and through a price-leading effect on existing units. Malpezzi identifies that median rents were confused with housing prices, and that the model used suffered from a more basic simultaneous specification—whereas new construction could cause increase in price, higher prices in turn could stimulate new construction over a considerable period due to sluggish adjustment in the housing market. Malpezzi argues that new units do rent for more than old ones, but they also provide a larger quantity of housing services.

Ozanne and Tribodeau (1980) examined the relation between *housing prices, not rents*, and the age of the housing stock. A positive relationship was reported, between rental housing prices and the percentage of the housing stock built before a specified period. This positive relationship seems to be counter-intuitive. One interpretation of this finding could be that the prices of rental units could move up with urbanization and urbanization would be associated with a greater percentage of housing stock built before the specified period. Malpezzi notes that such relationships are very long-run ones and may, therefore, not invalidate rent control intervention altogether. He moots a more explicit analysis of lags in housing market behavior.

## VI

### EFFECTS OF RENT CONTROL

Given the above specific feature of the Karnataka Rent Control Act it is desirable to examine empirically the validity, or otherwise, of various hypothesis regarding the effects of rent control. A number of hypothesis have already been indicated in the literature review section earlier. Some of the effects worth examining in the Indian context are discussed below.

The economic effects of rent control could be said broadly to emanate: (i) from the reactions of landlords both to the risk of losing the freedom of choice of tenant and to actual clamping down of a controlled rent, (ii) from the reactions of tenants enjoying the protection and benefits due to the legislation, and (iii) reactions of tenants in uncontrolled units who have to pay higher premium rents due to the presence of rent control. In the Indian context, despite the lack of an orderly institutional framework for housing investment and construction, the housing market does remain an important component of the individual investor's asset portfolio, characterized, as it is, by both capital gains and a running stream of rental returns. The predominance of construction activity in an overall scenario of urbanization and development leads to the greater possibility of capital gains and

housing may yet be the best hedge against general inflation. Rent control would, therefore, play upon the operation of the housing market through its effect on the relative desirability of housing investment *vis-a-vis* other forms of investment. When there are several sources of "black money" housing investment could emerge as a preferable investment portfolio to conceal some of the "black money".

#### *Withdrawal of Existing Rental Stock*

Since rent control reduces the stream of rental incomes to the landlords some of them will attempt to withdraw the housing units from the residential rental market. The alternatives open to the landlord are: (i) consuming more housing services than what he would have consumed without the rent control legislation, (ii) selling the unit and making capital gains which may be better invested in alternative assets. In the latter event, it is quite likely that the new purchaser uses the (housing) unit either for his own occupation or puts it for non-residential use. It can also be noted that rent control affects the land use pattern. Residential housing units are physical assets which yield both capital gains and rental income. Increasing urbanization creates more capital gains and reduced flow of rental incomes, the latter being attributable to an increase in the probability of such units coming under rent control. The capital gains arise mainly due to the potential alternative commercial uses to which such properties can be diverted. The rent control legislation can thus accelerate the process of conversion of space from residential use to commercial use, thereby reducing the stock of rental units.

#### *Activation of the Parallel Economy*

As pointed out earlier, landlords and tenants of a very large proportion of rented houses that should have come under rent control, are able to circumvent the main provisions of the Rent Control Act. This has been possible through invisible transactions, both between landlords and tenants and also possibly between landlords or tenants and the rent control administration.

It is possible that rent control produces an impact by its very presence even when the law is scantily implemented. Nervous house-owners as well as hard pressed tenants, both wishing to avoid the law, strike deals warily and with a heightened sense of mutual trust, because of their respective fears of the law. The tenant believes that he has no chance before the Controller because of the competition for the allotment and also because of the prevailing practice of many allotments to government employees through directions. The house owner is afraid that an allotment by the Controller would result in a very low rental income. So it suits both parties to strike a pragmatic

balance outside the law. The overall effect of such uneasy contracts would be to keep the uncontrolled rents above the level of controlled rents.

Considering the magnitude of difference in returns between partially controlled and controlled rents, the incentive for landlords to surreptitiously evade rent control is strong. In doing so, they are willing to terminate their dealings with the administration to the extent of some capitalized value of such difference in returns. Tenants of such partially controlled houses are likely to treat their rent as payment for some of the attributes of their dwellings, and part with some informal considerations such as, lumpsum payments, expenses on maintenance and repairs, so as to retain the convenience of consuming some other attributes, such as convenient location, larger rooms, etc.

#### *Forced Increase in Rents in the Partially Controlled Market*

Analysis of the extent of rent control enforcement and implementation shows that the strictly controlled segment of the market is very small, and the excess demand so generated spills over to the partially controlled market, thereby leading to a larger increase in rents there than would have occurred with no rent control.

#### *Decrease in Maintenance and Repair Expenditures*

Under rent control the landlord's return on his unit is independent of "operating investment" or expenditure inputs. He has, therefore, no incentive to spend money on the upkeep of the unit. Such expenditure is then probably shifted to the tenant, thereby reducing the tenant's benefit from rent control. In any case, accelerated deterioration of stock becomes a distinct possibility. Evidence suggests that there is no check by the Rent Control Administration on the state of the controlled stock.

#### *Decrease in Municipal Revenues*

So long as property taxation is based on frozen, historical, rent levels, or as is more often the case, linked to the "fair or standard rent" control, municipal revenues are likely to fall short of the full potential of revenue that could arise from a taxation system linked dynamically to property values. Remedial actions in this respect would have to take into account judicial pronouncements regarding the relationship between rent fixed by rent control and the annual rental value adopted for municipal taxation.

#### *Decrease in Production of New Rental Housing*

It can be argued that, all other conditions remaining the same, rent control reduces the attractiveness of rental housing investment *vis-a-vis*

other elements of an investment portfolio. However, it is very difficult to estimate the extent of shortage in rental housing that is attributable to the rent control legislation. This is because the supply of rental housing units is affected by many factors and some of these factors move together (or are strongly intercorrelated) making it extremely difficult to isolate their individual effects. As an example, it may be noted that scarcity of urban land and the associated increased urban land values in and around the central parts of the city are strongly associated with an increasing proportion of rental housing units in those parts being brought under rent control. It is difficult to isolate the effects of rent control and increased land values on the housing supply, as both of them have similar effects and both factors move together.

#### *Tenant Mobility and Location*

Restricted enforcement of rent control would imply limited choice to tenants, leading to sub-optimal location. The benefit derived from actually having procured a controlled unit (offsetting past and potential search costs), and the benefit from reduced and frozen rents, could hamper tenant mobility, and thereby probably affect the functioning of the labour market.

#### *Welfare Impact on Tenants*

Those tenants who are in strictly controlled units are able to devote a relatively smaller proportion of their total consumption expenditure on housing. This could change their portfolio in favour of other goods, thereby increasing the effective demand for those goods. Also, they may tend to get *more* housing space than what they would choose freely at the rents prevailing, lending either to inefficient use of space or to practices like sub-letting, non-residential use etc. As pointed out earlier, the allottee is also likely to get *less* housing space. Positing that tenants in strictly controlled units are an absolute numerical minority, it may be inferred that the welfare implications of these factors are not likely to be significant. Serious concerns arise, however, when unnecessary liberality is shown in allotment and rent fixation to an easily identifiable group of tenants such as, say, senior and influential government officials, who wield bureaucratic and political strength.

#### *Welfare Impact on Landlords*

Tenant protection under rent control affects the smaller owners—those who were either forced to let out their units owing to job constraints, or had built house as a hedge against retirement and old age. Eviction being difficult in the circumstances, the welfare impli-

cations to such parties are very real. Rent control adds to the risk involved in investment in new construction. This additional risk factor, coupled with the magnitude of investment, could imply that only the richer classes, equipped with black money and therefore the economic backing to circumvent the law, may participate in new rental construction.

The effects described above must be viewed within the overall development framework in which rent control is implemented. It must be recognized that institutional factors, and those arising from the general urbanization trends for particular towns or cities, such as, growth patterns, land ownership and development constraints, building by-laws, public housing programmes, housing finance, and availability of building materials and their price levels, too have a bearing on the housing situation. □

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## *Urbanization Process in an Industrializing Backward District: A Study of Broach District*

Y.S. PUROHIT\*

STUDIES ON urbanization process have generally laid greater emphasis on big cities. The backward areas consisting of rural population with a few small towns remain out of purview of such studies. The process of urbanization relates to the tendency of agglomeration of economic activities and consequently of human settlements in the face of economic change which mainly manifests itself in the form of industrialization and allied processes. The pace and spread of urbanization also depends on the industrial policy relating to location and diversification of industrial activity. It is important to examine the process of urbanization in backward industrializing areas where governments have pursued policies of providing incentives and physical and financial infrastructural facilities for industrial development. It is expected that such study would help in deriving the desired policy framework for industrial development so that in future it does not create same urban problems which big cities have been facing. In this context it would also be relevant to examine the efforts of civic bodies to provide basic civic services in the face of growing population pressures. This article analyses the pattern of industrialization emerging in the backward district of Broach and the consequent process (pace and spread) of urbanization in this region. This analysis is likely to provide an understanding of the problems associated with process of urban growth in industrializing backward areas and to signify important policy lessons for local municipal bodies to make satisfactory provision of civic services for the citizens of growing urban centres.

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## NATURE OF INDUSTRIALIZATION IN THE DISTRICT

Broach district is one of the three centrally notified (1971) backward districts of the state.<sup>1</sup> The district is experiencing industrialization process with the help of government incentives. As a result, some industrial centres have come into existence attracting workers from surrounding areas. These are located either in urban areas or on their periphery.

The important source of agro-based industrial activity in the district is its cotton crop.<sup>2</sup> It is natural, therefore, that cotton ginning and pressing factories came into existence. According to 1951 Census, about 86 per cent of the total industrial units in the district were based on cotton produce of the district providing employment to about 61 per cent of the total industrial workers in the district. The cotton based industrial activity remained important up to 1975.<sup>3</sup> There were about 27 centres in the district having ginning and pressing units among which noteworthy towns were Broach, Ankleshwar, Hansot, Jambusar and Rajpipla.<sup>4</sup> However, after 1971, besides cotton ginning and pressing units, some other units related to paper, rubber, plastics, leather, chemicals and engineering industry-groups have been established in Broach and Ankleshwar Centres of the district. A tendency towards industrial diversification is thus observed and this became more sharp recently due to the government incentives including infrastructure provided by GIDC through Ankleshwar and Broach Industrial Estates. The entrepreneurs have been attracted to these incentives also because of nearness of broad gauge railways and highways connecting Bombay-Delhi and Bombay-Ahmedabad to these two centres.

An idea about the industrial growth in terms of number of registered units and employment in recent years can be seen from Table 1.

<sup>1</sup>The criteria of backwardness were decided by the Pande Committee appointed by the Central Government in 1968 and were subsequently adopted by the Planning Commission. For details, see, C.V. Baxi, *Backward Area Development Strategies and Policies*, Management Development Institute, New Delhi, November 1977, pp. 74-75.

<sup>2</sup>The area under cotton in the district is about 41 per cent of the total cropped area as against 20 per cent at the state level and its per hectares production is 212 kgs. as against 170 kgs. at the state level—see, *Socio-economic Review*, Gujarat State, 1980-81.

<sup>3</sup>*Location of Industries in Gujarat State. 1965, 1970, 1975, Vol. I*, Bureau of Economics and Statistics, Government of Gujarat, Gandhinagar, 1981, Table 4.9 Ginning and Pressing, p. 39. The Table gives location quotient of ginning and pressing industry for the districts of the state. The location quotient for the Broach district were 6.38 in 1965, 7.15 in 1970 and 6.78 in 1975 and occupies second rank in the state.

<sup>4</sup>*Ibid.*, Appendix III (11) Broach District, p. 103.

TABLE 1 GROWTH OF INDUSTRIAL SECTOR IN BROACH DISTRICT

Year (Ending 31st March)	Factory Sector		SSI Sector	
	Units	Employment	Units	Employment
1976	92	8,415	483	997
1977	109	9,538	535	1,198
1978	115	9,767	606	2,358
1979	169	12,692	715	3,774
1980	221	14,370	846	5,398
1981	285	16,901	990	6,697
1982	315	17,179	1,079	8,497

SOURCES : 1. For factory-sector, Records of the Office of the Jr. Inspector of Factories, Broach.

2. For SSI-Sector, Records of the Office of the Commissioner of Industries, Ahmedabad.

The Table shows that the number of factory units in the district has increased from 92 in 1976 to 315 in 1982 showing 240.30 per cent increase while the number of workers in the same shows increase of about 104 per cent. In the SSI sector, number of units shows increase of about 123 per cent while number of employment shows increase of about 752 per cent. This growth has been faster than that experienced by the state as a whole during the same period. In case of the factory sector of the state, number of units and employment has increased by about 20.5 per cent and about 26 per cent respectively; while in case of SSI sector, the corresponding increase is by 181.78 per cent and 198.43 per cent respectively.

The same conclusion would be reached if growth in capital, output, and value added is compared between the district and the state. Thus, during this period, fixed capital at the state level increased by 60.22 per cent while in Broach district similar increase was by 149.19 per cent. In case of employment, output and value added by manufacture, the state level increases are by 21.22 per cent, 65.58 per cent and 52.85 per cent respectively while corresponding increases are by 50.8 per cent, 72.29 per cent and 74.23 per cent respectively in the district.<sup>5</sup> Thus, it is evident that the district has experienced relatively faster industrial growth. Besides fast industrial growth during recent period, the tendency for industrial diversification is also evident in the district. As pointed out earlier, up to 1975, cotton ginning and pressing was most important industry. Subsequently, as a result of government policy incentives and other measures to provide physical and financial infrastructural

<sup>5</sup> Important Economic Aggregates of Districts, ASI Census Sector, 1975-76 to 1978-79, Gujarat State, 1979, Statement : 2.

TABLE 10 HOUSEHOLD PROJECTION—URBAN KARNATAKA 2001

				Projected Households	
A. Household Size Method :					
Projected Total Population		206,71,500			
Projected Mean Household Size		5.89		3509,593	
B. Head-ship Rate Method :					
Sex	Age Group	Headship Rate	Projected Population		
Male	0-29	.0618	X 7175,349	=	443,437
Male	30-49	.7353	X 2382,459	=	1751,822
Male	50+	.3282	X 1172,245	=	384,731
Female	0-29	.0045	X 6769,832	=	30,464
Female	30-49	.0918	X 2023,860	=	185,790
Female	50+	.2041	X 1147,485	=	234,202
				3030,446	3030,446
C. Normative Method :					
Married men				3957,472	
Widowed or Divorced men aged 25-59				58,501	
Widowed or Divorced women aged 25-59				433,959	
				4449,932	4449,232

TABLE 11 ESTIMATES OF DWELLING UNITS TO BE BUILT UNDER PUBLIC HOUSING PROGRAMME—URBAN KARNATAKA

Details	Year	
	1991	2001
A. Housing needs according to medium projection of households	2643,750	3509,593
B. Existing stock of dwelling units in 1981	1722,640	1722,640
C. Total requirement of new dwelling units	921,110	1786,953
D. Estimated new dwelling units for the population below poverty line which is around 42 per cent of the total population in 1977-78	386,866	750,520
E. Number of units to be built under public housing programme annually	38,687	37,526

## PUBLIC HOUSING FOR THE POOR

Housing stock is essentially a flow. New units flow in as a result of construction, rehabilitation of obsolete units and conversion of buildings from non residential use to residential use. Old units flow out because of demolition, abandonment or conversion to non residential

use. We have no precise norms for estimating how many new houses must be built just to compensate for the loss of houses due to wear and tear. Nor do we have any reliable information on how many new houses are actually built, or old houses rehabilitated and converted into residential use in response to market forces in private sector. It is, however, reasonable to expect that private sector will take care of the replenishment of the existing housing stock through periodic repairs and replacements. We may also expect that the private sector can build houses for such of those additional households which can pay for them.

Public sector housing is an expensive way of providing shelter to the people. A pragmatic as well as a correct approach for the public sector would be to refrain from direct construction of houses for the rich and middle classes since they can fend for themselves. Instead, the government should concentrate its efforts on alleviating the housing problems of the urban poor.

As in the earlier plans, the Seventh Five Year Plan also assigns private sector a predominant role in housing supply. It says:

As far as possible, the public sector should not assume direct house construction except in the case of weaker sections of the society. . . Government's role in the field of urban housing has perforce to be promotional. The major effort will have to come from the private sector. Government's role will have to be restricted to the improvement of slums, direct provision of housing to the weaker sections of the society and encouragement and support of housing finance institutions that promote channelling of private resource into housing in a constructive way.

The National Sample Survey of 1977-78 reveals that 42 per cent of the urban population in Karnataka live below poverty line (S.P. Gupta: 1982). This means that minimum accommodation required is beyond the means of some 42 per cent of urban households since their household income is too low to ensure them even adequate diet. For decades, these economically weaker sections of the population, because of their inability to participate in the urban housing market, have been fighting a losing battle to improve their housing. Assuming that poverty conditions in urban Karnataka would not worsen in the decades to come, at least forty two per cent of the additional households should be helped through public housing programme.

Among the market economies of the world only Singapore and Hong Kong have achieved a reasonable level of success in solving the housing problem. In Singapore, 70 per cent of the population live in public housing while in Hong Kong 40 per cent of the population do so. In view of this, building houses for some 42 per cent of the

households who are below poverty line should not be considered as too big a burden on the public sector. Besides, public housing programme for the poor will provide sufficient insurance against the emergence of slums and attendant evils.

Our calculations indicate that if 39 thousand houses were built annually under public housing programme, the backlog in housing would be cleared by 1991 A.D. Alternatively, the programme can be scaled down to 38 thousand houses a year and the backlog can still be wiped off by 2001 A.D. (Table 11). The economically weaker section's house financed by Housing and Urban Development Corporation costs Rs. 8,000. Under the Slum Clearance Scheme of the Tamil Nadu Slum Clearance Board, the average cost per tenement came to Rs. 10,000 during the period of 1971-80 (D.B. Gupta : 1985). The unit costs in both the cases appear to be reasonable and modest. If the public sector can keep the average unit cost down to Rs. 10,000 even in future, the investment needed to build 38,000 additional houses every year will be Rs. 38 crore.

The approach paper to Karnataka's Seventh Plan mentions about an allocation of Rs. 1.20 crore for the construction of tenements for slum dwellers under urban development schemes. In addition to this, under housing scheme, Rs. 69 crore are allocated for developing 50,000 urban house sites and services over the entire plan period. The physical and financial allocations in the plan are woefully inadequate considering the magnitude of the problem. Unless larger funds are allocated, the problem of urban housing is not going to be resolved in the near future.

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## *Book Reviews*

*The Practice of Urban Economics*, ALFRED J. WATKINS, London, Sage Publications, Beverly Hills, 1980, pp. 247, \$ 12.00 (paper back).

The towns and cities are said to be the 'engines of economic development' yet there is little appreciation for the dominant economic forces in determining and sustaining the pace of development and growth of urban settlements. This is manifested in the frequent debate on city size and also a conscious public policy to restrain and even curb the sprawling metropolitan cities. The fact, however, remains that the growth and decline of a city and hence its hinterland is dependent upon comparative economic advantages enjoyed by a particular city or else some cities and regions would not grow by fits and bounds while others stagnate and decline. What is the nature of such dominant economic force governing the life and death of cities? How do the economic forces take shape initially in a particular city and region? How does it gather the momentum?

The book under review touches on these basics of urban economics by a critical survey of various theories dominating the practice of urban economics. The theories explaining the growth and decline of cities have been grouped into: (i) static or micro level theories which help to explain the behaviour of individual economic units, and (ii) dynamic or macro level theories that trace the evolution of specific cities from a tiny settlement to a sprawling city.

Divided into seven chapters, the first six chapters explore various theoretical constructs by highlighting their brighter sides and reconstructing other elements with a view to provide cogent explanation. The last chapter is devoted to economic evolution and urban development in the United States of America. Chapter 2 discusses the classical least cost theory of location with modification by introducing the concept of agglomeration economics to allow for variation in processing costs. Chapter 3 reviews the Central Place Theory. Agglomeration of growth inducing activities in certain regions only, and not in others, is explained in chapter 4 by discussing the basic (city building activities) and non-basic (city serving activities). This chapter also presents an extensive survey of techniques used to work out the extent of business in terms of location quotient, index of surplus

workers, K. Value technique and the minimum requirement approach. Chapters 5 and 6 are devoted to dynamic models of urban growth for explaining the phenomenon of urban growth within the context of general economic development. Some of the early theoretical efforts addressed to the deficiencies and limitations of traditional urban economic analysis are explored in Chapter 5. Chapter 6 describes alternative models of urban growth which explain the impact of changes in national economy on the local industrial structure. It develops a theory of urban growth and decay by explaining and establishing a relationship with capital accumulation and the industrial base. Based on the study of the US industries, it explains the evolution of the US economy, the process of urban growth, stagnation and decay. Finally, chapter 7 traces the history of the system of cities in the USA in three distinct phases of capital accumulation.

The book presents a lucid elucidation of various theoretical constructs with new interpretation for explaining the deviation arising out of empirical observations. It provides interesting answer to the searching questions like why certain cities grow while others languish and decline, why new industries locate in new urban settlements rather than replace the old industrial units and the like questions. The book thus serves as a valuable source material for researchers, teachers and the students of urban studies.

—GANGADHAR JHA

*Indian Sociology: Reflections and Introspections*, T. K. OOMMEN AND PARTHA N. MUKHERJI, (eds.), Bombay, Popular Prakashan, 1986, pp. 278, Rs. 150.00

Come as it did on the eve of the XI World Congress of Sociology held in (August 18-22, 1986), comprising papers by eight past Presidents and three past Secretaries of Indian Sociological Society, besides four other brilliant men in the profession, it does reflect a trend in sociology in India over the decades. This trend of thinking gets more strongly reflected as the volume has been rightly dedicated to Radha Kamal Mukherjee and Govind Sadasiva Ghurye, the doyen and founding fathers of Indian Sociology.

The volume spans, as the editors say, three generations of sociological scholarship—a typical reality in the Indian tradition where no attempt is made to break with the past, showing that there was a past, there is a present, and there will be a future—the uninterrupted time dimension in a tradition so deeply rooted in its social reality.

The discipline (Sociology in India) has no doubt demonstrated vitality, but the editors' claim that it has acquired maturity is open to

question; since, it has not yet succeeded well in presenting a precisely scientific, objective and theoretical explanation of the social reality. Most of the papers in this volume are addressed to this question. There are laudable concepts much abstracted from the down-to-the-earth reality.

All the papers included in the volume were earlier published in some professional journals or books. Most of them are presidential addresses delivered in All India Sociological Conferences. Out of the fourteen, one was published in the fifties, seven in the seventies, and six in the eighties. The potentiality of sociology in the fifties, and the sixties was not, in any measure, diminished; yet, this fact, escaped the attention of the editors. Should some important papers published in the sixties also get included, the claim of editors to present a volume with time series in consideration could be more acceptable.

D.P. Mukherji's interest in sociology as reflected in 'Indian Tradition and Social Change', is of a typical Indian who is deeply concerned about his own culture and to whom sociology provides scope for taking a synoptic view of the world and reality. To quote D.P., "Sociology has a floor and a ceiling, like any other science; but its speciality consists in its floor being the groundfloor of all types of social disciplines, and in its ceiling remaining open to the sky (p. 2)".

D.P. deplores a sense of 'indifference to theory' in sociology. Till this day the indifference continues. He reminds that the first duty of the Indian Sociologists is the study of Indian traditions and then to interpret change in the Indian tradition in terms of economic forces. It is deplorable that this piece of advice has not been duly recognised rather ignored by the Indian Sociologist.

Social scientists in India share his view that our failure in intellectual, economic and political fields is on account of our ignorance of and unrootedness in India's social reality.

'The Development of Sociology and Social Anthropology' by M.N. Srinivas and M.N. Panini deals with the development of overlapping social sciences, viz., Sociology and Social Anthropology in their cultural context; and rightly deplores the lack of attempt on the part of our planners and policy makers to utilize Anthropological-sociological knowledge and expertise, in the country's planning and implementation process.

'The Role of Social Sciences in India: A Sociology of knowledge' by Yogendra Singh analyses the role and relevance of Social Sciences in India. He stresses the need to develop an objective and realistic approach for the study of our own society.

He rightly points out that the building blocks of both social Anthropology and Sociology in India are derived from the Western Colonialist interpretations of the Indian society. This realization on

the part of social scientists in India slowly and gradually led to a shift of emphasis around the fifties toward the application of more systematic and indigenous model, to Indian realities.

Like Durkheim, he strongly pleads for the use of history as resource to bring about correspondence between appropriate theory and methodology for the analysis of Indian social reality.

'The Sociologist and the Social Reality' by Ramakrishna Mukherjee also exhorts the sociologists not to lose touch with the social reality. To him sociology is a constant pursuit after scientific knowledge and understanding of the social reality in which we live.

'Sociology in India: Its Teaching and Status' by Y.B. Damle traces the history of teaching of sociology in India and its unequal status as a teaching discipline *vis-a-vis* other disciplines, like Economics. Discussing the course content, and employment prospect for Sociology graduates he emphasises the need to make teaching of sociology more meaningful both from the academic and practical points of view.

'Indian Sociology at the Turning Point' by S.C. Dube introduces a note of uneasiness about the direction and purpose in Indian Sociology. He feels the need for sociology to establish credibility with the people and the policy makers. He exhorts sociologists to respond creatively to the challenges of contemporary social reality.

'The Concept of Desired Type of Society and the Problems of Social Change' by I.P. Desai gives advice to see the work of academicians abroad in terms of its relevance to what we are thinking and doing. He suggests to examine critically the concept of desired society—a socialist society, democratic, secular, egalitarian, casteless and classless. There is a clear gap between such laudable concept and the reality of the social situation.

'Reflections on Social Science Research in India' by P.C. Joshi discusses the need on the part of social research to appraise the challenges confronting Indian Society since Independence. The challenges are mainly two-fold, *viz.*, planned economic development and social transformation within the framework of democracy. Professor Joshi finds some inner contradiction in social science research. He feels the need of institution building in social science. Following in the foot-step of D. N. Mukherjee, he emphasizes the need of more and more correspondence between advances in science and technology on the one hand and human sciences on the other hand.

'Sociology in the 1980s' by M.S.A. Rao shows how the emergence of the areas of interest and specialisation bears a close relationship with the societal needs, national problems and theoretical advances. He discerns a close link between teaching and research in sociology. In the seventies he notices diversification of interest and specialisation in the areas of studies. In the eighties he hopes that the interest in

pesaent studies and agrarian relations will continue to be the focus of research. Rethinking of the course of study as producing high quality teaching materials both in English and Regional languages will be important task in the Eighties. Vain was his hope, I do not yet see a fully comprehensive text book in sociology which the advanced student can fruitfully utilize.

'Disciplined Eclecticism' by Partha N. Mukherjee, in a modest tone, chides sociologists for their tall claim but dealing with only 'relatively less important questions'. Mr. Mukherjee finds structural, functional, or Marxist approach as only partly adequate. He wishes to get away from diehards; so he chooses Robert Merton's form of a 'disciplined eclecticism'. And, as he says, 'now sociology—is heading from crisis to confusion'. I fear if Mr. Mukherjee may be adding a little more to this process.

'Relevance of the Marxist Approach to the Study of Indian Society' by a well-known Marxist Sociologist, A.R. Desai, points to the need to take a critical approach to the capitalist path of development of the nation at the neglect of the productive potentials of vast working population and equitable distribution. Desai's approach is clear and unambiguous, and, as vanguard of the proletariat he seems to be trying to draw a band of social researchers and activities which he has successfully done.

'Uncertain Transplants: Anthropology and Sociology in India' by Satish Saberwal expounds the inadequacy of the emergent sociological discipline to meet the needs, demands and aspirations in a situation in which the intellectual habits and resources are utterly different.

In a sense, he pleads for indigenisation of sociology, rooted in the historical tradition, the intellectual habits, and social resources of India. 'Social Policy and the Sociologist' by M.S. Gore explores the possibility of a definite role for sociologist in the process of social policy formulation by taking the area of social policy formulation as one of its direct professional concerns. To achieve the goal of a democratic, welfare, egalitarian society, policy formulation from social perspective requires an interdisciplinary efforts from economists, political scientists, psychologists and sociologists. It is really sad that sociologists have looked at this major and important aspect with not much concern.

'Sociology in India: A Plea for Contextualization' by T.K. Oommen, one of the editors of this volume, pleads for a set of concepts and theories suitable to study Indian Social reality. In the face of the multiplicity of orientation—of the traditionalists, the nationalists, the nativists, the cosmopolitans, the radicals—what appears is a real identity crisis of the discipline. To meet the criticism of the Review Committee of Indian Council of Social Science Research: "much of the

current research efforts has no relevance to contemporary social and national problems—It is not yet emancipated to develop research tools, designs and models of its own appropriate to the Indian situation”, Oommen pleads for the contextualisation of sociology. He favours the judicious mutation between the selective retention of our tradition, and informed borrowing from other cultures. To understand, analyse and facilitate this process is, according to Oommen, the primary task of Indian sociologist today.

I wonder if Indian sociologists can do so by becoming either critical or creative.

The editors deserve praise for bringing out this volume, and stressing the need to reflect and introspect on the part of sociologists in India.

But how long this endless debate to continue? Who will act first? To recollect D.P. ‘Indian Sociologist must be an Indian first’—Indian in sensibility. This volume must find place in every sociologist’s shelf, but alas! The price could be within every one’s reach—a typical un-Indian situation.

—R.N. THAKUR

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facilities new entrepreneurs have been attracted to manufacturing of other products. Thus, in March 1982,<sup>6</sup> engineering and chemicals emerge as most important industries in terms of number of units and employment size. Out of 1009 SSI units in the district, 22.20 and 15.06 per cents are respectively in these two industries employing respectively 34.75 and 15.97 per cents of the total employment (7876) in this size group. Similarly, out of 56 large/medium size units, 25 per cent and 32.14 per cent respectively belong to these industry groups, employing respectively 13.36 per cent and 29.35 per cent of the total employment (9284) in this size group. Still textiles continues to be important industrial activity. It employs 23.96 per cent and 43.25 per cent of total employment in 13.38 per cent and 25 per cent of total units in small and large/medium size-groups respectively. Other industry groups individually contribute marginally and are likely to expand in future. Thus, there is a clear tendency for diversification with emphasis on engineering and chemical industry groups. This is largely on outcome of GIDC guidelines to prospective entrepreneurs joining industrial estates at Ankleshwar and Broach. The information in Table 1 has revealed a faster growth of SSI sector in the district, though an analysis of industry-wise composition shows a relatively larger share of large/medium units in chemical and engineering industry groups. This can be taken to indicate that there is likelihood in near future of faster growth of large/medium size industrial units in the district.

#### *Spatial Concentration of Industrial Activity*

It has been seen that industrial activities in the district have grown faster and the district has experienced marked diversification. Another aspect of industrialization process which is important from the view point of settlement patterns in the district is locational spread of industrial activities. Though the benefits of the state incentive scheme are available to the whole of the district; the growth of industries has actually taken place in limited number of places having locational advantages. Only two centres, *i.e.*, Broach and Ankleshwar have such locational advantages as they are situated on the broadgauge railways linking major cities like Bombay-Baroda-Delhi-Ahmedabad and highways linking Bombay, Ahmedabad. They are also nearer to Baroda and Surat. Along with this, GIDC Estates at Ankleshwar and Broach which have been located on highways provide attractive location to the entrepreneurs and they have taken maximum advantages of these two centres. The concentration of industries in these two centres can

<sup>6</sup>Data derived from the Records of the District Industrial Centre, Broach, Directory of Industries, GIDC, Estate Ankleshwar and List of Industries, GIDC Estate Broach and Cooperative Industrial Estate, Bholav.

be seen from the data related to factory sector in the district which gives Talukawise number of factory units and employment therein and is presented in Table 2.

TABLE 2 DISPERSION OF INDUSTRIES IN BROACH DISTRICT  
(FACTORY SECTOR—AS ON 31ST MARCH, 1982)

<i>Sl. No.</i>	<i>Taluka</i>	<i>No. of factories</i>	<i>No. of employment</i>
1.	Ankleshwar	189	6597
2.	Broach	88	8633
3.	Nandod	9	569
4.	Amod	8	1049
5.	Jambusar	8	867
6.	Hansot	4	246
7.	Vagra	4	557
8.	Jhagadia	2	246
9.	Valia	3	270
10.	Dediapada	—	—
11.	Sagbara	—	—
TOTAL		315	19034

SOURCE : Records of the Office of the Jr. Inspector of Factories, Broach.

It is seen that Ankleshwar and Broach have more number of industrial units and employment and together they contain about 88 per cent of the total factories and about 80 per cent of the total employment. However, out of 189 factories of Ankleshwar Taluka, 153, i.e., about 81 per cent are situated in GIDC Estate, Ankleshwar, while out of 88 per cent factories in Broach Taluka, 58, i.e., about 66 per cent are situated in GIDC estate, Broach and cooperative Industrial Estate, Bholav. The data related to SSI sector in growth centres of the district (Table 3) confirms it. The growth centres<sup>2</sup> have been identified by the state government through District Industrial Centre considering development potential and development plan provisions of the district.

#### URBANIZATION PROCESS IN BROACH DISTRICT

The urbanization in Broach district, as revealed from the last three Censuses, is marked by its moderate rates. The percentage of urban population to total population in 1961 was 15 which gradually increased to 17.39 per cent and 18.63 per cent in 1971 and 1981 respectively.

<sup>2</sup>A growth centre is defined as an area with 5 km. radius with General Post Office of the town/city as centre.

TABLE 3 GROWTH CENTRES, NUMBER OF SSI UNIT REGISTERED, VALUE OF PRODUCTION CAPACITY INVESTMENT AND EMPLOYMENT AS ON 31ST MARCH 1982 (BHARUCH DISTRICT)

Sr. No.	Name of Growth Centre	Name of Taluka	Whether Rural/Urban	Total No. of Regd. Units	Value of Production Capacity		Investment in Plant and Machinery		Employment No. of Reporting Units	No. of Employ Units
					No. of Reporting Units	Rs. (in lakh)	No. of Reporting Units	Rs. (in lakh)		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)		
1.	Ankleshwar P.C. to Total	Ankleshwar	Urban	258 (41.68)	256 (41.49)	3359.09 (70.82)	257 (41.65)	762.40 (75.79)	257 (41.58)	2362 (44.02)
2.	Broach P.C. to Total	Bharuch	Urban	243 (39.26)	243 (39.38)	1163 (24.58)	242 (39.22)	194.13 (19.30)	243 (39.32)	2030 (37.84)
3.	Hansot P.C. to Total	Hansot	Urban	3 (0.48)	3 (0.49)	0.93 (0.02)	3 (0.49)	0.11 (0.10)	3 (0.48)	13 (0.24)
4.	Vagra P.C. to Total	Vagra	Rural	—	—	—	—	—	—	—
5.	Jambusar P.C. to Total	Jambusar	Urban	25 (4.04)	25 (4.05)	16.78 (0.34)	25 (4.05)	2.88 (0.29)	25 (4.04)	251 (4.68)
6.	Amod P.C. to Total	Amod	Urban	25 (4.04)	25 (4.05)	111.21 (2.33)	25 (4.05)	27.20 (2.70)	25 (4.04)	230 (4.29)
7.	Jhagadia P.C. to Total	Jhagadia	Rural	13 (2.11)	13 (2.11)	18.54 (0.39)	13 (2.11)	3.89 (0.39)	13 (2.11)	78 (1.45)
8.	Rajpipla P.C. to Total	Rajpipla	Urban	49 (7.91)	49 (7.94)	70.18 (1.47)	49 (7.94)	14.73 (1.47)	49 (7.91)	388 (7.24)
9.	Palej P.C. to Total	Broach	Urban	3 (0.48)	3 (0.49)	2.18 (0.05)	3 (0.49)	0.53 (0.05)	3 (0.48)	13 (0.24)
10.	Total			619 (100)	617 (100)	4742.68 (100)	617 (100)	1005.87 (100)	618 (100)	5365 (100)

SOURCE : Districtwise data collected by the office of the Commissioner of Industries for the purpose of Annual Survey of Industries, July 1982.

NOTE : Percentage is given in brackets regarding the units' varied functions.

This level of urbanization is very low compared to the state which experienced much higher rates with faster increase during this period. Thus, the percentage of urban to total population in the state was 25.7 per cent, 28.08 per cent and 31.08 per cent in 1961, 1971 and 1981 respectively. The moderate level of urbanization rate and marginal increases in it are indicative of the District's backward economic structure and predominantly rural based economic activity. It can be seen from Table 4 that out of 11 Talukas, only 6 Talukas have urban settlements while the other 5 Talukas were exclusively rural even in 1981. A look at urbanization rates in 6 Talukas having urban population shows that only Broach and Ankleshwar talukas had high level of urbanization, (45.49 and 37.73 per cents respectively). A comparison with previous Census years 1961 and 1971 shows rapid increase in urbanization rates in Ankleshwar Taluka during 1971-81 and in Broach taluka in 1961-71. Recently (during 1971-81) Hansot, Nandod and Amod talukas have actually experienced decline in urbanization rates. This analysis reveals the growing tendency of urban population to concentrate in Broach and Ankleshwar towns where industrial activities are also concentrated.

TABLE 4 PERCENTAGE OF URBAN POPULATION TO TOTAL POPULATION

<i>Dist./Taluka</i>	<i>1961</i>	<i>1971</i>	<i>1981</i>
Broach Dist.	15.00	17.39	18.63
Broach	40.80	44.11	45.49
Vagra	—	—	—
Jambusar	17.00	17.28	17.92
Amod	—	15.32	15.08
Ankleshwar	26.20	26.95	37.73
Hansot	—	16.88	15.08
Jhagadia	—	—	—
Nandod	17.60	17.38	16.30
Valia	—	—	—
Dediapada	—	—	—
Sagbara	—	—	—

The process of urbanization can also be seen through changes in size distribution of towns in the district. Table 5 gives an idea about this for 1961-71 and 1971-81 inter-Censal periods. It shows that small towns have largely remained small during this period (Palej, Hansot, Kavi and Saroda). Only one small town has changed its category, *i.e.*, Amod. The Major town of Broach has also recently changed its size class indicating faster growth of this town. The size structure of towns on the whole has not changed drastically, though within the towns, growth of population has taken place differentially.

TABLE 5 SIZE DISTRIBUTION OF TOWNS

Population	1961 Towns	1971 Towns	1981 Towns
5000 to 10,000	Palej Hansot Kavi Saroda Amod	Palej Hansot Kavi Saroda —	Palej Hansot Kavi Saroda —
10,000 to 20,000	Jambusar	Amod	Amod
20,000 to 50,000	Ankleshwar Rajpipla	Jambusar Rajpipla Ankleshwar	Jambusar Rajpipla Ankleshwar
50,000 to 1,00,000	Broach	Broach	—
Above 1,00,000	—	—	Broach

Table 6 provides an idea of percentage increase in each of the towns. It is seen that only Ankleshwar (town proper, its out growth as well as notified industrial area) has experienced fast acceleration in its growth while Broach is not showing as much growth in later period as in the former. It is due to its spread to nearby Palej town. It may be mentioned that Palej, Broach and Ankleshwar have industrial estates. The fast growth of population in these towns seems to be the outcome of concentration of industrial activities in these urban areas. The regional concentration of urban settlements is evidently highly correlated with regional concentration of industrial activity.

TABLE 6 POPULATION TREND IN THE TOWNS OF BROACH DISTRICT

Sl. No.	Town	Population			Growth Rate (in percentage)	
		1961	1971	1981	1961-71	1971-81
1.	Amod	—	10,525	12,055	—	+ 14.53
2.	Ankleshwar	20,287	24,814	40,962	+29.25	+ 56.22
3.	Ankleshwar out growth	—	1,406	4,837	—	+244.03
4.	Ankleshwar Industrial Area	—	—	2,739	—	—
5.	Jambusar	18,446	24,251	28,369	+31.47	+ 16.98
6.	Rajpipla	21,426	25,769	29,226	+20.27	+ 13.30
7.	Broach	73,639	92,251	1,12,389	+25.27	+ 21.83
8.	Palej	—	06,362	08,060	—	+ 26.66
9.	Hansot	—	07,636	07,575	—	— 0.90
10.	All towns (Urban Population)	1,33,798	1,93,014	2,41,334	—	+ 25.03
11.	District Total Population	8,91,969	11,09,601	12,95,544	+24.40	+ 16.76

## PROVISION OF CIVIC SERVICES BY MUNICIPAL BODIES

Fast urban growth imposes severe constraints on municipal bodies in meeting the growing financial requirements to provide satisfactory levels of civic services. The per head cost of civic services in such areas rises faster because of absence of economies of scale at the existing level of operations. Further, lumpiness of investments (due to indivisibilities) undertaken for maintaining level of civic services leads to rapid rise in capital cost component of municipal expenditures on such services as water supply, sanitation, and roads. Therefore it is expected that per head municipal expenditures on various services would rise faster than the rate of growth of population in such urban centres. It is interesting to see the nature of change in this respect in two municipalities of Broach and Ankleshwar<sup>8</sup>.

It is interesting to note that per capita municipal expenditure has increased in both towns. In case of Broach the increase is from Rs. 59.73 in 1971-72 to Rs. 96.36 in 1981-82, while in Ankleshwar the rise is from Rs. 83.24 to Rs. 186.85 in respective years. The rate of increase in percentage terms appears considerable, although a consideration of the rise in costs of materials, labour and services would reveal that per unit expenditures in real terms have not grown at all. This would lead to the conclusion that quality of civic services has not improved in the towns of this industrializing district. In absolute terms expenditure on various civic services has grown multifold during this period (as seen in Table 7), but rising population due to increased industrial activity in these two towns has prevented to reveal it in terms of improvement in quality of these civic services.

TABLE 7 PERCENTAGE INCREASE IN EXPENDITURE ON SOME BASIC AMENITIES DURING 1971-72 TO 1981-82

Sl. No.	Expenditure Amenities	Municipality	
		Broach	Ankleshwar
1.	Water Supply	456.81	389.42
2.	Public Electricity Supply	252.22	187.75
3.	Sanitation	275.61	320.98
4.	Construction and Maintenance of Roads	41.62	665.29
5.	Fire Brigade	993.05	—

## CONCLUSION

The analysis of industrialization process has shown marked localization in some urban pockets where infrastructural facilities are made

<sup>8</sup>The source of information in these respects are Annual Reports of respective Municipal Bodies.

available and which are centrally located on transport and communication network. Although, schemes for fiscal and physical incentives are available to the whole district, their operational functioning seems to provide advantage to only these urban locations. Partly it is due to development of industrial estates on these locations or in their neighbourhood. Thus, the working of these schemes for industrialization of backward areas seems to generate imbalances within the backward areas. If this tendency persists it portends potentially dangerous implications for future leading to same problems of urban congestion and imbalanced industrial growth, which developed urban areas are now facing. The constraints imposed by urban growth on quality of civic services to be provided by municipal governments are severe. The recent experience does not reveal any increase in expenditure per capita on civic services in these urban areas. On the contrary, there may be some deterioration in it. It is hoped that operational aspect of industrial policy and urban planning will take care of emerging intra-regional imbalances in industrializing backward areas and will effect suitable adaptation to avoid undesirable consequences of unplanned urbanization process. □

## *Housing Needs in Urban Karnataka— 2001 A.D.*

M. JOHNSON SAMUEL\*

**A**N IMPORTANT feature of the demographic situation in Karnataka is the high rate of rural to urban migration and very rapid growth of towns and cities. During the period 1961-81, Karnataka's urban population increased from 5.27 million to 10.71 million. The level of urbanisation that is the proportion of population living in urban areas, too has increased from 22 per cent in 1961 to 29 per cent in 1981. One consequent characteristic of rapid urbanisation is widespread urban poverty and enormous number of urban dwellers suffering from severe lack of basic services. One of the basic urban services with ample signs of shortage is that of shelter. Housing needs must therefore figure prominently in urban development plans.

While forecasting housing requirements, the tendency among town planners is to take the growth rate of population as the sole determinant. The household is an independent economic unit and the need for housing accommodation is best expressed on a household basis rather than on a population basis. When the dynamics of household formation are taken into account along with population growth, the housing projection becomes more precise and meaningful.

The study is based on Population Projections for Karnataka: 1981-2001, prepared by ISEC (1985) as well as the Census data on households. The main objective of the study is to derive some indication of the number of houses needed to accommodate every urban household in Karnataka by 2001 A.D.

### HOUSING SITUATION IN URBAN KARNATAKA

It is first necessary to assess the housing situation in urban Karnataka and review the trends in the recent past. The number of

\*The Author is grateful to Prof. N. Baskara Rao and Dr. P. M. Kulkarni for having gone through the paper and offering valuable suggestions for its improvement.

houseless persons has increased from 13 thousand in 1961 to 43 thousand in 1981 in spite of significant increase in housing stock from 891 thousand units to 1723 thousand units during the same period (Tables 1 and 2). In percentage terms, the houseless population has increased from 0.24 in 1961 to 0.40 of the total population in 1981. In this connection, we must also remind ourselves that houseless population is under-enumerated to a large extent in Censuses because of their rootlessness and the apathy of the Census enumerators themselves.

TABLE 1 DISTRIBUTION OF POPULATION BY THEIR SHELTER STATUS—URBAN KARNATAKA 1961-1981

<i>Year</i>	<i>Total Population</i>	<i>Institutional Population</i>	<i>Houseless Population</i>	<i>House Residing Population</i>
1961	5266,493 (100.0)	74,173 (1.41)	12,566 (0.24)	5179,754 (98.35)
1971	7122,093 (100.0)	139,965 (1.97)	28,926 (0.40)	6953,202 (97.63)
1981	10729,606 (100.0)	211,015 (1.97)	42,929 (0.40)	10475,662 (97.63)

NOTE : Figures in parentheses refer to percentages.

SOURCE : *Census of India* :

1961, Vol. XI, Mysore, *General Population Tables*, Table-A1;

1971, Series 14, Mysore, *General Population Tables*, Table-A1;

1981, Series 9, Karnataka, *General Population Tables*, Table-A1.

There were only 1723 thousand residential houses for 1817 thousand households recorded in 1981 Census (Table 2). The excess of households over residential houses indicates that dwelling units are often shared. It is noticed that 66 thousand dwelling units were shared in 1961 and this number rose to 94 thousand in 1981. This shows an increasing shortage of dwelling units in urban areas. This is in addition to the houseless population who do not have even a shelter to share with others.

Of the 1723 thousand dwelling units enumerated in 1981 Census, only 1620 thousand units were found to be used wholly as residence. The rest were used partly as residence and partly as workshop or shop. What is more disturbing is that the proportion of dwelling units used exclusively as residence has dropped from 97 per cent in 1961 to 94 per cent in 1981 (Table 3). There is unmistakable sign that the housing situation in urban Karnataka has deteriorated with every passing year. The rapid increase in population in the urban area itself, the exodus of landless people from an indigent countryside to towns and cities in search of jobs, the lack of repair and maintenance of the existing stock have all exacerbated the situation.

TABLE 2 TRENDS IN HOUSEHOLDS AND RESIDENTIAL HOUSES  
—URBAN KARNATAKA 1961-81

Year	No. of Households	Household Population	Average size of the Household	No. of Residential Houses	Housing Shortage in dwelling Units Col. 2-Col. 5
(1)	(2)	(3)	(4)	(5)	(6)
1961	957,160	5,071,930	5.30	890,950	66,210
1971	1230,425	6,900,700	5.61	1138,130	92,295
1981	1817,063	10,475,662	5.77	1722,640	94,423

NOTE : 1 In the Census, a household is defined as a group of persons related or unrelated who live together and take their meals from a common kitchen.

2. Housing data obtained through census relate to all structures irrespective of their use. Thus for the census, a factory building, an office building or a residential house are all census houses. Since we are here concerned with housing in the sense of residential accommodation, the data relating to only those houses which are used for residential purposes are considered.

SOURCE : Census of India 1961. Vol. XI, Mysore, *Social and Cultural Tables*, Table C-I.

*Housing and Establishment Tables*, Table E-I.

1971, Series 14, Mysore, *Social & Cultural Tables* Table C-I.

*Report of Housing* Table H-I.

1981, Series 9, Karnataka, *General Population Tables*, Table A-I.

*Tables on Houses and Disabled Population*, Table H-I.

TABLE 3 DISTRIBUTION OF DWELLINGS BY MIXED USE—URBAN  
KARNATAKA 1961-1981

Year	Total Dwelling Units	Residence only	Shop-cum Residence	Workshop cum Residence
1961	890,950 (100.0)	856,940 (97.31)	7969 (0.89)	16,041 (1.80)
1971	1138,130 (100.0)	1094,150 (96.14)	13090 (1.15)	30,890 (2.71)
1981	1722,640 (100.0)	1619,900 (94.03)	22,700 (1.32)	80,040 (4.65)

SOURCE : Census of India, 1961 Vol. XI, Mysore, *Housing & Establishment Tables* Table E-I;

1971, Series 14, Mysore, *Report on Housing* Table H-I;

1981, Series 9, Karnataka, *Tables on Houses and Disabled Population* Table H-I.

One of the most important characteristics of housing is the quality of construction and physical condition of the houses. We do not, however, yet have more recent data on the quality of the dwelling units in urban Karnataka. The house listing operations of the 1971 Census revealed that 12 per cent of the dwelling units have both walls and roofs made of such flimsy materials as grass, thatch mud, etc. Another 37 per cent of the dwelling units had either wall or roof made of flimsy materials (Table 4). Thus a majority of the existing housing stock is unhealthy and in a way reflects the crisis of urban areas.

TABLE 4 DISTRIBUTION OF HOUSES BY THE QUALITY OF STRUCTURE—URBAN KARNATAKA 1971

Quality of Structures	No. of Houses	Per cent Distribution
Pucca	5,84,335	51.0
Semi-pucca	4,21,145	36.8
Kutchra	1,39,905	12.2
TOTAL	11,45,385	100.0

NOTE : A pucca house is one whose wall is made of burnt bricks, G.I. or other metal sheets, stone, cement, etc., and roof made of tiles, slates, shingles, corrugated iron or asbestos sheets. A Kutchra house is one whose wall and roof are made of grass, leaves, reeds, bamboos, thatch, mud, etc. A semi-pucca house does not fall within either of the above two categories. Generally such a house will have either the material of wall or roof for a pucca unit. For instance, a house with brick wall and thatched roof is treated as semi-pucca.

SOURCE : *Census of India, 1971, Series 14, Mysore, Report on Housing, Table H-II.*

Another important index of adequacy of housing supply is provided by the number of occupants per dwelling unit and per room. More than 40 per cent of the urban households live in single room houses while another 31 per cent live in two-room houses (Table 5). As many as five persons live in a room in single room houses. In two room houses on an average three persons occupy a single room (Table 6). What is happening is that even large families squeeze themselves into single or two room houses. One can easily imagine the extent of over crowding and lack of privacy in such houses. The sex ratio is very unfavourable to women particularly in single room houses and in houses with five or more rooms. Faced with acute shortage of housing, the male migrant to the city joins an institutional household like hostel or boarding house or shares a single room with fellow male migrants. In either case, it leads to the separation of bread winner from his family giving rise to many social problems.

TABLE 5 DISTRIBUTION OF HOUSEHOLDS BY NUMBER OF ROOMS  
IN THE HOUSE—URBAN KARNATAKA 1971

<i>Number of rooms in the house</i>	<i>Number of households</i>	<i>Per cent distribution</i>
Single room	479,875	41.3
Two rooms	358,140	30.8
Three rooms	159,730	13.8
Four rooms	82,830	7.1
Five rooms and more	81,360	7.0
Unspecified number of rooms	2,45	0
<b>TOTAL</b>	<b>1162,180</b>	<b>100.0</b>

SOURCE : *Census of India, 1971, Series 14, Mysore, Report on Housing, Table H-III.*TABLE 6 ROOM DENSITY AND SEX RATIO BY NUMBER OF ROOMS  
IN THE HOUSE—URBAN KARNATAKA 1971

<i>Number of Rooms in the House</i>	<i>Room Density</i>	<i>Sex Ratio</i>
Single room	4.72	949
Two rooms	2.91	966
Three rooms	2.21	959
Four rooms	1.78	960
Five rooms and more	1.25	947
Overall	2.63	957

NOTE : Room density is defined as number of persons per room.

Sex ratio is defined as the number of women per thousand men.

SOURCE : *Census of India 1971, Series 14, Mysore, Report on Housing, Table H-III.*

While comparative time series information is hard to get, it is acknowledged by all that the proportion of people living in slums has increased over the years and particularly so in the larger cities. One source indicates that the state has 922 thousand slum dwellers living in 965 identified slums. Of this, the city of Bangalore alone accounts for 305 thousand slum dwellers and 400 slums. Thus 10.5 per cent of the city's total 2.9 million residents are slum dwellers (*Deccan Herald* Feb. 2, 1986).

#### POPULATION PROJECTIONS

The population projections prepared by the Institute for Social and Economic Change (1985) provide four streams of population growth in Karnataka for twenty year period from 1981-2001 for rural as well as urban areas. These projections are based on certain assumptions about mortality, fertility and migration. The fourth projection which incorporates medium rate of growth and possible migration of people

from other states into Karnataka forms the basis for estimating future number of households. In this projection, it is expected that mortality in the state will decline in such a manner that life expectancy at birth will be 64.7 years for women and 64.8 years for men by the end of the century from the 1981 level of 53.0 years for women and 53.3 years for men. Regarding fertility, the assumption is that the net reproduction rate will decline from 1.56 in 1981-86 period to 1.11 in 1996-2001 period as a result of rise in age at marriage, decline in widowhood and increased use of contraceptives. It is also expected that the rate of net in-migration into the state will decline from 2.01 (per 1000 per year) in 1981-86 to 1.57 in 1996-2001. The proportion of urban population was obtained by extrapolating the proportions in the past. According to these assumptions the urban population of Karnataka could increase by 93 per cent from 10.71 million in 1981 to 20.67 million in 2001 A.D. This means that 37 per cent of Karnataka's population will be living in towns and cities by the turn of the century. Assuming that the age, sex and marital composition of the projected population would be the same as it was in 1981, we further estimated the future urban population by age, sex and marital status groups (Tables 7 and 8).

TABLE 7 PROJECTED POPULATION BY SEX, AGE AND MARITAL STATUS—URBAN KARNATAKA 1991

Age Group	Never Married		Married		Widowed, Divorced or Separated	
	Male	Female	Male	Female	Male	Female
0-9	1966,616	1910,471	—	—	—	—
10-14	974,105	922,291	4,949	19,024	201	217
15-19	871,714	578,462	17,014	224,579	309	2,443
20-24	709,312	215,145	131,159	523,091	1,283	7,563
25-29	310,421	55,217	379,712	592,692	1,810	13,998
30-34	73,622	17,942	475,298	439,415	2,908	19,967
35-39	20,416	9,280	455,810	380,694	3,511	28,784
40-44	12,219	5,413	389,766	273,300	6,063	47,452
45-49	7,424	3,248	326,816	216,073	8,708	62,687
50-54	6,187	2,784	263,556	159,773	11,724	86,769
55-59	3,712	1,546	160,082	82,593	9,048	65,023
60-64	3,557	1,273	159,154	66,817	15,436	113,558
65-69	1,701	928	78,263	32,944	11,260	67,482
70+	2,629	1,207	119,404	29,387	31,088	146,472
All Ages	4963,635	3725,171	2960,983	3050,382	103,349	662,415

NOTE : The Projected total urban population in 1991 was distributed according to age, sex and marital status distribution as obtained in 1981.

SOURCE : Institute for Social and Economic Change, Bangalore—1985, *Population Projections for Karnataka 1981-2001* (Mimeographed).

TABLE 8 PROJECTED POPULATION BY SEX, AGE AND MARITAL STATUS—URBAN KARNATAKA 2001

Age Group	Never Married		Married		Widowed, Divorced or Separated	
	Male	Female	Male	Female	Male	Female
0-9	2628,458	2553,418	—	—	—	—
10-14	1301,929	1232,677	6,615	25,427	269	289
15-19	1155,080	773,137	22,739	300,158	413	3,266
20-24	948,023	287,549	175,259	699,130	1,716	10,109
25-29	444,889	73,799	507,500	792,155	2,419	18,718
30-34	98,399	23,980	635,254	587,294	3,886	26,688
35-39	27,287	12,403	609,207	522,117	4,693	38,471
40-44	16,331	7,235	520,937	365,276	8,103	63,422
45-49	9,923	4,341	436,801	288,789	11,638	83,784
50-54	8,628	3,720	352,253	213,542	15,669	115,970
55-59	4,961	2,067	213,956	110,389	12,093	86,906
60-64	4,755	1,654	212,721	89,303	20,631	151,775
65-69	2,274	1,240	104,601	44,032	15,049	90,192
70+	3,514	1,653	159,589	39,277	41,551	195,765
All Ages	6634,451	4878,873	3957,472	4076,949	138,130	885,625

NOTE : The Projected total urban population in 2001 was distributed according to age, sex and marital status distribution as obtained in 1981.

SOURCE : Institute for Social and Economic Change, *Population Projections for Karnataka 1981-2001*, (Mimeographed), Bangalore, 1985.

#### METHODS OF ESTIMATING FUTURE NUMBER OF HOUSEHOLDS

In determining the housing needs of the future, our postulate is that every household should have one dwelling unit for its exclusive occupancy. We have adopted the following three methods for calculating the number of potential households in 1991 and 2001 A.D.

##### 1. Household Size Method

Assuming that past trends in mean household size would continue, we extrapolated them to 1901 and 2001. The projected total urban population was divided by the projected mean household size to get the future number of households.

##### 2. Headship Rate Method

The 1971 Census furnishes the number of heads of households by sex and three broad age groups : less than 30, 30 to 49 and more than 49. With this information, we tried to predict the future number of heads of households, given the age and sex distribution of the projected population. We worked out age and sex specific headship rates for 1971 which we defined as the proportion of heads of households to the population in each age and sex group. Applying

these headship rates, to the projected population of relevant age and sex group, we estimated the number of future heads of households by sex and the three broad age groups. Summing them up, we arrived at the total number of future households (U.N. : 1973).

### 3. Normative Method

From the projected population, we estimated the number of married males plus the number of widows and widowers between ages 25 and 59. These people would normally be inclined to form a separate household. The rest of the population would be a subordinate member of one or the other household. For example, very young and very old widows and widowers would merge with their relatives and avoid forming a separate household; so also single persons of all ages. On the other hand, every married male would like to form a household of his own with his wife and unmarried children as subordinate members. Similarly, every widow and widower of middle age is likely to form a separate household with her/his unmarried children (Walkden : 1962),

### RESULTS OF THE HOUSEHOLD PROJECTIONS

Clearly, none of these methods is entirely satisfactory. The first method is very aggregative and ignores the various components which affect the dynamics of household formation. The decline in mortality, doubling up of families because of economic difficulties in urban areas may swell the household size. The tendency towards late marriage, decline in fertility, etc., will have the contrary effect. The net effect of these changes which are to some extent compensating is to increase the household size from 5.77 in 1981 to 5.89 in 2001. The method predicted 2644 thousand households in 1991 and 3510 thousands in 2001.

The second method would have given us more accurate estimates, if we had more detailed information on heads of households, over a period of time from 1961 to 1981. Aging of population as a result of decline in fertility and mortality and adult male selective migration must have changed the headship rates in 1981 from what it was in 1971. Therefore, our estimate of households based on 1971 headship rates, appears to be an under estimate. The method has yielded 2267 thousand households in 1991 and 3030 thousand households in 2001. This is somewhat lower than the estimate derived from the first method.

The third method has predicted 3329 thousand households in 1991 and 4450 thousand households in 2001 which is rather on the high side. It gives an estimate of the number of households who would probably live in separate dwellings if financial obstacles and the housing shortages are totally eliminated. Household formation is, to a considerable extent, dependent upon the existing number of dwellings.

Many potential households do not, in fact, establish separate households because they are unable to find suitable accommodation of their own at prices they can afford. Therefore, the estimates given by the third method appear to be too idealistic to serve the purpose of a practical plan, though they may be taken as an upper limit for potential households in the future (Tables 9 and 10).

TABLE 9 HOUSEHOLD PROJECTION—URBAN KARNATAKA 1991

*Projected Households*

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A. Household Size Method :					
Projected Total Population			=	15465,935	= 2643,750
Projected Mean Household Size			=	5.85	
B. Head-ship Rate Method :					
Age and Sex specific Headship Rate × Population of that age group & that sex					
Sex	Age Group	Headship Rate	Projected Population		
Male	0—29	.0618	×	5368,605	= 331,780
Male	30—49	.7353	×	1782,561	= 1310,717
Male	50+	.3282	×	876,801	= 287,766
Female	0—29	.0045	×	5065,193	= 22,793
Female	30—49	.0918	×	1514,255	= 139,009
Female	50+	.2041	×	858,520	= 175,224
					2267,289
					2267,289
C. Normative Method :					
Married men			=	2960,983	3329,435
Widowed or Divorced men aged 25-59			=	43,772	
Widowed or Divorced women aged 25-59			=	324,680	
				3329,435 × 1	

Given the present level of our socio-economic development, it may not be a practical proposition to stick to any normative method. It is better to be realistic to have an acceptable standard of housing which the country might afford. Keeping these considerations in view, we have taken the medium projection of households given by the first method as a plausible one. According to this projection, between now and the beginning of the twenty first century, there has to be a net addition of 1787 thousand dwelling units to the existing stock of 1723 thousand units (Table 11).

Editor

S. RAMANATHAN

# NAGARLOK

Assistant Editor

GANGADHAR JHA

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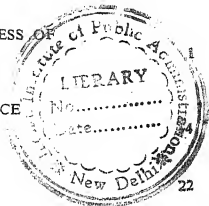
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## *Our Contributors*

### **Articles**

DR. K.V. CHITHARANJAN is on the Faculty of the School of Planning, Centre for Environmental Planning and Technology, Ahmedabad.

PROF. BHABATOSH DATTA is Professor Emeritus, Presidency College, Calcutta.

PROF. ABHIJIT DATTA is Professor of Urban Administration and Development and Municipal Finance, Centre for Urban Studies, Indian Institute of Public Administration, New Delhi.

DR. V. GNANESHWAR is Research Officer, Regional Centre for Urban and Environmental Studies, Osmania University, Hyderabad.

SHRI YOGESH KUMAR is ICSSR Doctoral Fellow, Giri Institute of Development Studies, Lucknow.

PROF. GIRISH K. MISRA is Professor of Urban Studies, Centre for Urban Studies, Indian Institute of Public Administration, New Delhi.

DR. D.M. MULEY is in the Department of Politics, Birla College, Kalyani, Maharashtra.

SHRI A. MALLA REDDY is Research Officer, Regional Centre for Urban and Environmental Studies, Osmania University, Hyderabad.

PROF. M.C.K. SWAMY is Professor, Department of Urban and Regional Planning, School of Planning and Architecture, New Delhi.

### **Book Reviews**

PROF. K. SREERAM is Professor of Management Studies, National Institute of Urban Affairs, New Delhi.



# *An Anatomy of Migration in the Process of Urbanization*

K.V. CHITHARANJAN

URBAN GROWTH is manifested in: (1) natural increase of urban population, and (2) migration. As between these two, migration is of critical importance in the process of urbanization as distinct from urban growth. It is plausible that urban population may register a substantial increase and indicate a fast urban growth but such a growth process does not constitute the core of the process of urbanization. What is critical is the disproportionate growth of urban population as a result of the migration from rural areas to urban centres. In the case of large cities with increasing economic opportunities, which depend upon the structural attributes<sup>1</sup>, the pressure of immigration is all the more greater. A large town in particular the one with industrial specialization attracts migrants not only from rural areas but also from lower order towns and contributes to the growth of its size and the diversification of its structure. To the extent that it is the role of large cities in the life of a given society that constitutes the important aspect of urbanization<sup>2</sup>, an attempt is made in this paper to examine the patterns of migration and their influence on the size, structure and growth of cities in Gujarat. The analysis is based on estimates of net migration derived from the population census data and hence has obvious limitations. Nevertheless, the study provides a rough order of magnitude of net migration, indicating broad trends and patterns across cities of various sizes and functional characteristics.

## MIGRATION PROCESS

In recent past, internal migration in general and rural-urban migration in particular has received attention in the literature. In some

<sup>1</sup>For a discussion on the relationship, see, K. V. Chitharanjan, "Size, Structure and Growth of Cities : A Study of Urbanization Process in Gujarat", (unpublished Ph.D. Dissertation), Ahmedabad, Gujarat University, 1985.

<sup>2</sup>I. V. Kantsebovskaya, "Some Definition of Urbanization in Geographic Literature and Relevant Ideas" in S. Manzoor Alam and V.V. Pokshishevsky (eds.), *Urbanization in Development Countries*, Hyderabad, Osmania University, 1976.

quarters rapid internal migration is thought to be a desirable process in which surplus rural labour was gradually withdrawn from traditional agriculture to provide cheap manpower to the modern industrial system.<sup>3</sup> The process is deemed socially beneficial since human resources are being shifted from locations where their marginal product is often assumed to be zero, to places where it is not only positive but also rapidly growing as a result of capital accumulation and technological progress. Herrick reflected the prevailing view about the desirability of internal migration when he asserted that "In the absence of any movement, when rural fertility exceeds urban fertility, the agricultural labour force will grow faster than industrial employment, movement from the country side to the towns, necessary if strictly balanced growth of the two parts of the labour force is to occur, becomes even more imperative if an increase in the size of the industrial sector is among the goals of the developing economy".<sup>4</sup>

There is also a view that migration aggravates rural-urban structural imbalances.<sup>5</sup> On the supply side, internal migration disproportionately increases the growth rate of urban job-seekers relative to urban population growth, which itself is at historically unprecedented levels, because of the high proportions of well educated young people who dominate the migrant stream. Their presence tends to swell the growth of urban labour supply depleting the rural country side of valuable human capital. On the demand side, most urban job creation is more difficult and costlier to accomplish than rural employment generation because of the need of substantial complementary resource inputs for most modern industrial jobs. However, two points deserve special mention. First, migration results in depletion of rural areas in regard to human capital but so long as the marginal product of such migrants happens to show a wide cleavage between rural and urban sectors, rural-urban migration could be justified on economic grounds. Second, though estimates<sup>6</sup> are available to show that the investment cost per worker in the industrial job is high as compared to agricultural jobs, the overall benefits such as value added per worker should be taken into considerations for a realistic estimate of costs of migration.

Nevertheless migration today is being increasingly looked upon

<sup>3</sup>For Example see: (i) W. A. Lewis, "Economic Development with Unlimited Supplies of Labour", *The Manchester School of Economic and Social Studies*, May, 1954, pp. 139-191; (ii) John Fei and Gustav G. Ranis, "A Theory of Economic Development", *American Economic Review*, September 1961, pp 533-65.

<sup>4</sup>B.H. Herrick, *Urban Migration and Economic Development in Chile*, Cambridge, The MIT Press, 1965.

<sup>5</sup>Micheal P. Todaro, *Internal Migration in Developing Countries*, Geneva, International Labour Office, 1976.

<sup>6</sup>See, International Labour Organization, *Employment Policy in Africa: Problems and Policies*, Geneva, ILO, 1969.

as a major contributing factor to the ubiquitous phenomenon of urban surplus labour and as a force which continues to exacerbate the already serious urban unemployment caused by growing economic and structural imbalances between urban and rural areas. A clear need to recognize the central importance of cityward migration and to integrate the two-way relationship between migration and population distribution on one hands and economic variables on the other, form basis for analysing migration in the context of urban growth.

*Estimates of Net Migration into Large Cities*

We begin the analysis by estimating net migration to top five cities in Gujarat.

The net migration for the year 1971 is estimated by using census survival method.

$$M_{x+t} = P_{x+t}^t - SP_x^0$$

Where,

X is an age group;

t is the interval between census;

$P_x^0$  is the population aged x at the first census;

$P_{x+t}^t$  is population at the next census aged x + t;

S is the survival rate.

The above method could not be used to estimate net migration in 1981 for want of the relevant information from census. Therefore the estimate was made by using Vital Statistical Method.

$$M = (P^1 - P^0) - (B - D)$$

Where,

M is the net migration;

$P^1$  is the population of the current year;

$P^0$  is the population of the base year;

B is the birth rate;

D is the death rate.

The estimates of net migration so made are shown in Table 1. The sixties and the seventies have witnessed substantial population migration into the large cities in Gujarat. The share of migration in the aggregate growth of the large cities in general is on an increase, while that of natural growth of urban population is on decrease. However, some large cities (namely, Surat and Vadodara), had registered relatively higher growth rates in the seventies over the sixties while some others

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(Ahmedabad, Rajkot and Jamnagar) had recorded relative decline in the growth rate. It is plausible that the relative decline in the growth rate of the latter category is due to the dispersal of urban population from the core city to the nearby settlements (periphery), where people can minimise diseconomies of large city and still reap the benefits of agglomeration. A break-up of the population growth between the core city and its periphery of large agglomerations may throw some light on this aspect.

TABLE 1 SHARE OF MIGRATION IN THE POPULATION OF LARGE CITIES OF GUJARAT 1961-71 AND 1971-81

City	Year	Popula- tion (in '000)	Decadal Growth rate (Per cent)	Natural Increase (Per cent)	Net Migra- tion (Per cent)
Ahmedabad	1971	1741.5	44.40	86.00	14.00
	1981	2575.2	43.43	75.00	25.00
Surat	1971	493.0	64.89	62.00	38.00
	1981	912.6	85.10	37.50	62.50
Vadodara	1971	467.5	56.67	70.00	30.00
	1981	744.0	59.16	50.00	50.00
Rajkot	1971	300.6	54.84	72.00	28.00
	1981	444.1	47.75	51.00	49.00
Jamnagar	1971	227.6	43.98	80.00	20.00
	1981	317.0	39.27	41.00	59.00

SOURCE : Government of India, *Census of India*, Series 5, Gujarat.

It is observed from the Table 2, which gives the break-up of population of some large cities (agglomerations) into the core and the periphery, that cities with a relative increase in the rate of growth have recorded relative increase in growth rates in both the core and the

TABLE 2 POPULATION GROWTH IN SELECTED AGGLOMERATION

City	(Percentages)					
	Agglomeration		Core City		Periphery	
	1961-71	1971-81	1961-71	1971-81	1961-71	1971-81
<i>Fast Growing</i>						
Surat	64.89	85.10	63.75	64.53	94.77	539.80
Vadodara	56.67	59.16	56.67	56.94	—	100.00
<i>Slow Growing</i>						
Ahmedabad	44.40	43.43	38.43	33.42	166.91	201.53
Jamnagar	43.98	39.27	44.59	36.87	34.65	79.50

SOURCE : As given in Table 1.

periphery. In cities with a relative decline in growth rates, the core city has declined while the remaining areas of the agglomeration (periphery) have rendered faster growth. The higher proportion of migration in the overall growth of the cities coupled with the declining importance of the core of some cities underlines the fact that large numbers of migrants settle down in the periphery. This affects not only the horizontal expansion of the city but also has far reaching consequences on its structural characteristics.

In slow growing cities when the core is growing slowly and the surrounding settlements are growing faster, a tendency of deconcentration and the consequent urban sprawl is the likely result. The effects of the sprawl need not be limited to the city as defined legally. The impact of the decentralized growth could create satellite towns, which can act as countermagnet as in the case of Ahmedabad.<sup>7</sup> The argument is that such countermagnets can attract activities and people who would otherwise be concentrated in and around the core city. Thus the satellite towns help relieve the pressure on the city.

#### *Characteristics of Immigrants*

Notwithstanding merits and the demerits of urban sprawl and satellites, it is significant to note that the growth of large cities (agglomerations) is to a large extent explained by the growth on the periphery. A part of the growth could be explained by the pattern of migration.

The factors influencing the decision to migrate are varied and complex. They could be broadly classified as demographic, economic, educational, social, and cultural of which emphasis is generally placed on the first three factors. Though "non-economic" factors are important, there now seems to be widespread agreement that migration can be explained primarily by the influence of economic factors. These economic factors include not only the standard 'push' from stagnating subsistence agriculture and the 'pull' of relatively higher urban wages but also the push back (Lee's 'Counter Stream') of high urban unemployment.<sup>8</sup>

<sup>7</sup>The Ahmedabad Urban Development Authority (AUDA) has designated four satellite towns, namely, Kalol, Mehmedabad, Dehgam and Sanand in the draft development plan prepared for the Ahmedabad Metropolitan Area in 1981.

<sup>8</sup>According to Lee, for every major migration stream, a counterstream develops in which there will always be return migrants who find that their initial perceptions did not accord with reality or who simply failed to achieve the objectives, See E.L. Lee, "A Theory of Migration", *Demography*, No. 1, 1966, pp. 47-57.

<sup>9</sup>P. Todaro, *op. cit.*

*Demographic Characteristics*

The demographic characteristics under consideration in the study relates to migrants' age-structure. The relevant census data, when processed to arrive at figures of net migration, indicate (Table 3) that the largest proportion of net urban migrants belongs to the age group 20-24 years. The second highest is the age group 25-29 years. As one moves up on the age-scale, the relative significance of migration declines. The negative sign shown by the Ahmedabad City in the age group 40 years and above is striking and calls for an explanation. Without detailed investigation into the migration behaviour, it may be hazardous to put forward an explanation. However, it stands to reason that the city structure provides employment opportunities for younger age-groups. And those migrants, who had come to the city earlier but now are no longer preferred by the type of activities dictated by the requirements of the city's production structure, are compelled by economic forces to move out, possibly, towards the place of their origins. The phenomenon of proportionately higher out-migration than immigrations in the older age-groups is more likely when the city does not maintain the tempo of its growth rate as may be the case with Ahmedabad.

The dominance of younger age-groups in the migration process, however, remains a significant feature of urban growth in Gujarat. This does suggest the importance of economic motives in the process of urban migration. A number of migration studies conducted in a number of developing countries attest a high degree of urban migration

TABLE 3 NET MIGRATION BY AGE-GROUPS, 1961-71

Age Group	CSR*	Net Migration to Cities (Figures in '000s)				
		Ahmedabad	Surat	Vadodara	Rajkot	Jamnagar
20-24	0.914	+53.3	+19.2	+21.5	+8.6	+5.5
25-29	1.000	+28.4	+8.9	+10.5	+2.5	+1.6
30-39	0.929	+5.8	+12.3	+8.0	+3.5	+1.4
40-49	0.934	-11.0	+7.2	+4.7	+2.7	0.7
50-59	0.820	-3.3	+4.2	+2.4	+2.3	+1.2
60 and above	0.652	-0.4	+3.5	+1.9	+2.4	+1.2
		+72.8	+33.3	+49.0	+22.0	+11.6

SOURCE : *Census of India, Series 5, Gujarat, Part II-C, Social and Cultural Tables, 1961 and 1971.*

\*Census Survived Ratio (CSR)

$$S_x^n = P \frac{t+n}{x+n} \text{ Where } t \text{ is the date of the first Census.}$$

$$P_x^t$$

motivated in the main by economic factors.<sup>10</sup> Urban migration in Gujarat cannot be an exception. In fact, studies which have examined the question of migration and city's labour market have underlined the importance of migration motivated by economic forces in Ahmedabad city.<sup>11</sup>

### *Economic Characteristics*

Economic characteristics of urban migration considered here in the context of urbanisation is confined to the level of workers' participation. Table 4 shows that the participation rate of migrants in the workforce stands above the average level in all the large cities under consideration. Generally, it also appears that the larger the city size, the higher the relative participation-rate of migrants (Table 4).

TABLE 4 MIGRANTS' PARTICIPATION RATES 1971

	City				
	Ahmedabad	Surat	Vadodara	Rajkot	Jamnagar
(a) Total Population (in 000's)	1741.50	493.00	467.50	300.60	227.60
(b) Total Workers (in 000's)	735.41	155.66	182.50	120.37	62.98
(c) Total Immigrants (in 000's)	496.33	157.27	307.15	77.40	60.76
(d) Total Immigrant Workers (in 000's)	307.40	66.00	65.70	39.00	22.80
(e) Total Workers participation rate [(b) as percentage of (a)]	28.50	31.90	28.00	25.75	26.70
(f) Total Immigrant workers participation rate [(d) as percentage of (c)]	41.80	42.40	36.00	32.40	36.20

SOURCE : Government of India, *Census of India*, Series 5, Gujarat, Part II-D, Migration Tables (D-V to D-VI), 1971.

Sector-wise distribution of immigrant workers, however, does not present a consistent pattern of migrants' work-participation in relation to city size (Table 5). In other words, migrants as a proportion of the total work force in specific sectors did not show any systematic variation with respect to city size. Indeed, migrants' shares in total work

<sup>10</sup>Lyn Squire, *Employment Policy in Developing Countries*, New York, Oxford University Press, 1981.

<sup>11</sup>For example see, K. K. Subrahmanian, D.R. Veena and B.K. Parikh, *Construction Labour Market : A Study in Ahmedabad*, New Delhi, Concept, 1982.

force in all the sectors, viz., primary, secondary, and tertiary, are found proportionately higher in Ahmedabad, the largest city. However, corresponding shares in other cities present a mixed pattern. An inference can be drawn to the effect that the migrants' participation rate is determined more by functional characteristics of a city than its size.

TABLE 5 SHARE OF MIGRANT WORKERS IN TOTAL WORK FORCE : SECTORWISE IN 1971

(In Percentage)

City	Total	Sector		
		Primary	Secondary	Tertiary
Ahmedabad	61.93	58.56	62.69	61.17
Surat	41.97	38.15	40.43	44.73
Vadodara	29.20	27.46	23.53	31.75
Rajkot	50.38	35.13	49.92	52.40
Jamnagar	37.52	21.99	33.88	40.84

SOURCE : As given in Table 4.

In this connection it may be noted that the largest proportion of the migrant-workers is absorbed by the secondary sector in the case of Ahmedabad and Surat. In all other large cities under consideration, it is the tertiary sector which has absorbed the largest proportion of the migrant workers (Table 6). Here it may be noted that Ahmedabad and Surat are monofunctional cities<sup>12</sup> with industry as specialization. On the other hand, Vadodara, Rajkot and Jamnagar are dual functional cities with industry and service as specialization.

TABLE 6 SECTORAL DISTRIBUTION OF IMMIGRANT WORKERS 1971

(In Percentage)

City	Total	Sector		
		Primary	Secondary	Tertiary
Ahmedabad	100.00	1.70	50.00	48.20
Surat	100.00	4.00	55.50	40.50
Vadodara	100.00	4.80	36.50	59.00
Rajkot	100.00	2.50	32.60	65.00
Jamnagar	100.00	2.80	30.70	66.50

SOURCE : As given in Table 4.

<sup>12</sup>K.V. Chitharanjan, "Functional Specialization of Cities and Urban Growth in Gujarat", *Indian Journal of Regional Science*, Vol. XV, 1983.

Overall, the analysis tends to suggest that there is a systematic association between the structural characteristics of a city and migrants' participation rate, as well as their occupational pattern.

Given that the structure of city influences the occupational characteristics of migrants, does it follow that the structure also exert some influence upon the type of migration? The census<sup>13</sup> defines three types of migrants based on the distance factor:

- (a) Short distance—From elsewhere in the district of enumeration.
- (b) Medium distance—From other districts of the state of enumeration.
- (c) Long distance—From states in India beyond the state of enumeration.

Analysis of the Gujarat data on types of migration reveals that the larger cities exert stronger pull in terms of drawing migrants from farther places (Table 7). The absolute number of immigrant workers is seen as an increasing function of city size. It is further revealed that the absolute number of migrant workers from the medium distance increases as the size of city increases. Among the cities, two typologies could be distinguished based on the sectoral distribution of immigrant work force. In the first typology, we found that the percentage of immigrant workers employed in the primary and tertiary sectors decreases as distance increases. On the other hand, the percentage of immigrant workers employed in the secondary sector is on increase as distance increases. Among the cities in the second typology, a positive association has been observed between the immigrant workers and distance in Vadodara city. Otherwise, the percentage share of immigrant workers in the secondary sector is a decreasing function of distance in the remaining cities. All the cities in this typology have the largest proportions of immigrant workers in the tertiary sector. The phenomena attached to these typologies suggest that types of migration could be largely explained through structural characteristics of cities.

#### *Educational Characteristics of Immigrant*

Studies in India have shown that the propensity to migrate to urban areas is much higher among the literates and educated people than among illiterates and that as the level of education rises, the tendency to travel greater distances to seek employment increases<sup>14</sup>. The inflow of educated and highly skilled migrants into a particular city depends

<sup>13</sup>Census of India, Migration Tables (D-V to D-VI), Series 5, Gujarat 1971.

<sup>14</sup>Donald J. Bogue and K. C. Zachariah, "Urbanization and Migration in India" in Roy Turner (ed.), *India's Urban Future*, Berkeley, University of California Press, 1960.

TABLE 7 TYPES OF MIGRANT WORKERS

City	Type of migration	Total migrant workers ('000s)	Sectoral Distribution (Percentage)		
			Primary	Secondary	Tertiary
Ahmedabad	Short Distance	27.9 (9.06)	2.26	46.23	51.51
	Medium Distance	158.3 (51.56)	1.89	40.38	47.73
	Long Distance	121.2 (29.43)	1.41	53.29	45.30
	Total Distance	307.4 (100.0)			
Surat	Short Distance	11.4 (17.31)	11.19	43.79	45.02
	Medium Distance	28.3 (42.82)	3.36	57.00	39.65
	Long Distance	26.3 (39.87)	1.67	60.01	30.32
	Total Distance	66.0 (100.0)			
Vadodara	Short Distance	16.3 (24.79)	7.05	35.85	57.12
	Medium Distance	29.2 (44.42)	3.43	37.4	59.18
	Long Distance	20.2 (30.79)	4.22	38.44	57.34
	Total Distance	65.7 (100.0)			
Rajkot	Short Distance	18.7 (47.95)	3.66	35.19	61.15
	Medium Distance	17.0 (43.50)	1.92	30.80	67.29
	Long Distance	3.3 (8.55)	0.60	28.34	71.06
	Total Distance	39.0 (100.0)			
Jamnagar	Short Distance	9.0 (39.58)	4.16	37.57	58.27
	Medium Distance	9.0 (39.56)	2.55	30.12	67.33
	Long Distance	4.8 (20.85)	2.21	18.70	79.09
	Total Distance	22.8 (100.0)			

SOURCE : As given in Table 4.

NOTE : Figures in brackets show percentages to total immigrant workers in each city.

largely on the structure of that city in the sense that the more industrialised and more modern the production structure, the more likely the demand for skilled workers. The supply source then gets extended from the local to regional, and to the national level.

A broad reflection of the above proposition can be seen in the literacy level of migrants into top five cities (Table 8). In general, literacy levels of migrants are above the city average in all the cities under consideration. But as between the males and females, the literacy rates of the former is more than the latter in the total city population and among the migrants.

TABLE 8 LITERACY RATES OF URBAN MIGRANTS, 1971

City	Literates as Percentage to Total					
	In-migrant Population			City Population		
	Total	Male	Female	Total	Male	Female
Ahmedabad	62.48	72.38	50.08	58.38	66.04	49.16
Surat	59.87	78.64	59.21	57.88	65.81	48.90
Vadodara	71.81	80.55	61.62	63.49	70.98	54.69
Rajkot	67.00	78.19	56.42	60.45	67.97	52.28
Jamnagar	60.02	71.81	48.10	51.94	61.38	41.61

SOURCE : As given in Table 4.

### *Origin/Destination*

Now let us examine immigration in large cities for the period 1961-71. A common belief is that there is a direct flow of people from the rural to the urban centre in the process of urbanization and such movements account for urban growth. But a different picture emerges from the Gujarat data (Table 9). Significant proportion of immigrants in the cities hail from urban areas. Even though rural immigrants dominate the scene while comparing the flow of immigrants for various time periods based on their duration of stay it is observed that the last year of the census decade (1970-71) has demonstrated a higher than proportionate share of immigration in most of the cities. In the case of Rajkot city, the rate of immigration has dwindled in the year under reference as compared to the decade as a whole. This phenomenon may be due to 'turnover'<sup>16</sup> migration according to which people move from one area to another without being able to settle down. In this process many of the migrants in turn are "pushed back" from the receiving areas either to place of origin or to other urban areas.

<sup>16</sup>Ashish Bose, *India's Urbanization 1901-2001*, New Delhi, Tata McGraw Hill, 1978 and also see, Lee, *op. cit.*

TABLE 9 ORIGIN OF MIGRANTS AND THEIR DURATION OF STAY  
1961-71

City	Place of Last Residence		Duration of Residence	
	Rural (per cent)	Urban (Per cent)	Less than one year as per cent to total migrants	1-9 years (average per centage per annum)
Ahmedabad	62.20 (169)	37.80 (103)	10.27 (28)	9.97 (244)
Surat	67.45 (52)	32.55 (25)	13.24 (10)	9.67 (67)
Vadodara	52.88 (43)	47.42 (38)	15.16 (12)	9.43 (69)
Rajkot	50.77 (27)	49.33 (27)	9.60 (5)	10.05 (49)
Jamnagar	50.62 (15)	49.38 (15)	14.51 (4)	9.50 (26)

SOURCE : As given in Table 4.

NOTE : Figures in brackets represent immigrants in 000's.

An alternative explanation to this inconsistency could be put forth through the phenomenon of "step migration" which indicates migration in an orderly manner, starting from small centres to higher centres. In a number of studies<sup>16</sup> it has become increasingly apparent that in under-developed countries a large proportion of immigrants to large urban centres do not originate directly from rural-agricultural areas. Rather, a process of stage migration is frequently observed in which rural migrants first locate in small urban areas while occupants of the small urban areas tend to migrate to larger urban areas. This step migration corroborates the expectations of central place theory in that great social and economic distance between origin and destination is likely to inhibit direct flows. M.B. Deshmukh noted in his study: "no less than 65 per cent (of migrants) had tried their luck first in from 6 to 15 other towns or even more<sup>17</sup>". If the proposition is valid, it follows that Ahmedabad being the largest city should receive migrants from other cities and any movement further should be to larger cities outside Gujarat. The stability with regard to immigration to Ahmedabad city in the sixties attests to this phenomenon.

<sup>16</sup>Paul R. Shaw, *Migration Theory and Fact*, Philadelphia, Bibliography Series No 5, Regional Science Research Institute, 1975.

<sup>17</sup>M B. Deshmukh, "A Study of Floating Migration", in UNESCO, *Africa South of Sahara*, quoted in Gerald Breeze, *Urbanization in Newly Developing Countries*, New Delhi, Prentice Hall of India, 1978.

### CONCLUSION

To conclude, the pace, patterns and types of urban migration in Gujarat are such as to accelerate the process of urbanization. Urban growth, especially of the large cities, is primarily accounted by net migration. However, it is the structure of the city more than its size, that influences the types and patterns of net migration. As revealed by the study, monofunctional city with industries specialization attracts long distance migration, mostly literate and skilled as compared to the native urban work force, belonging to younger age group which, in turn, contributes to the acceleration in urban population growth and size of the city.

The process with the above characteristics is likely to put heavy pressure on the urban administration for providing the necessary urban infrastructure and services, so that socio-economic problems attendant on urbanization is minimized. The increasing size of a city and in particular with structural attributes of a type which speed up the urbanization process poses problems to urban planners in finding resources for providing urban amenities like water supply, sanitation, public health and housing. At the same time rural-urban migration continues unabated. Its implications on sectoral allocation of labour force are significant indicators in the process of transformation of a society from a traditional agrarian to a modern industrial one. □

# *Urban Plan Finance and Local Resource Mobilisation in India\**

ABHIJIT DATTA

INDIA'S EXPERIENCE in financing urban development during the three and a half decades of planning after independence reveals: (a) inadequate financing, (b) maintenance lag, and (c) conflict between growth and equity objectives of development. Within plan financing arrangements, the relative roles of local public and the private sectors also remains somewhat undefined. In order to meet these problems, concrete measures to evolve suitable arrangements for fiscal transfers and development banking are needed. We shall deal with these aspects of Indian urban development finance to pinpoint areas of future concern so that the Indian experience could provide lessons for other developing countries opting for planned development in a mixed economy. We shall deal with these three inter-related aspects of urban development finance and, finally, attempt to relate our findings to some of the generic issues of development in a poor country, such as India.

## URBAN FISCAL SCENE

### *Fiscal Requirements*

In any plan for sectoral development, it is important to work out a future scenario of required investments on the basis of: (a) population growth, and (b) distribution of critical services among population groups, settlement sizes, and required technology. Table 1 summarises India's investment requirements in urban infrastructure during the last two decades of the century, *i.e.*, 1981-2001.

On the basis of the scenario presented in Table 1, it is estimated that, on average, about 25 per cent of India's urban population did not have the 'core' urban services in 1981. It was assumed that the total service backlog to the 40 million urban population would be met during the

\*Paper presented at the International Workshop on Planned Urbanisation in the Hindu-Kush/Himalaya Region, Kathmandu.

TABLE 1 INDIA : INVESTMENT REQUIREMENTS IN URBAN INFRASTRUCTURE, 1981-2001

	(Rs. in million at 1980 prices)			
	1981-86	1986-91	1991-96	1996-2001
Low	43600	60210	73590	82520
High	69600	100160	122050	138870
Backlog (million Persons)	—	10	15	15

SOURCE : India, Planning Commission, *Financing of Urban Development*, New Delhi, 1983, p. 26.

remaining three quinquennia at the rate of 10 million in 1986-91 and 15 million each in 1991-96 and 1996-2001 respectively. On this basis the urban investment requirements are worked out by the urban size-classes as shown in Table 2.

TABLE 2 INDIA : INVESTMENT REQUIREMENTS IN URBAN INFRASTRUCTURE BY URBAN SIZE-CLASSES, 1986-91

	(Rs. in million at 1980 prices)				
	Total	Metro- politan	Class I	Classes II & III	Classes IV-VI
(a) Increments to population	52500	16200	22000	10700	3600
(b) Capital replace- ments to (a)	11000	3400	4600	2250	750
(c) Capital replace- ments of 1981 stock	16500	4400	5500	4350	2260
Total	80000	24000	32100	17300	6600
Per cent	100	30	40	22	8

SOURCE : As in Table 1, p. 23.

It is apparent that in future major efforts in the provision of urban infrastructure are to be directed towards the class I cities, followed by the metropolitan cities, medium cities, and small towns respectively.

It might be useful to indicate the limitations of this projection exercise. First, the estimates pertain only to investment requirements, and not the operations and maintenance needed as a result of such investments. Second, the definition of 'core' urban services excludes any estimation of social services needed for development of human capital such as, education, health, nutrition and welfare. Thirdly, the

additional revenue requirements of the local authorities responsible for a wide range of community and personal services are not considered due to the twin neglect of maintenance and restrictive definition of 'core' services.<sup>1</sup> Fourthly, apart from identification of deficits in terms of urban size-classes, it would be useful to extend the estimation in terms of specific regions for agropolitan, metropolitan or water-shed development. Apart from these deficiencies, there are a few other limitations of the above urban investment projections through: (a) ignoring the qualitative aspects of the services, (b) ignoring local variations in service standards due to physical, technical and socio-economic factors, and (c) ignoring non-residential consumer needs for industrial and/or commercial purposes. At the same time, the projections are based on data relating to actual costs of recently executed projects drawn from various parts of the country on various 'core' services (Method A), and cross-checked with information on 'total' investment costs per acre of new urban development (Method B). The results are finally computed in terms of: (i) specific categories of urban infrastructure, and (ii) a range of per capita investment cost (PCIC) estimates rather than a single figure. The estimates also attempted to indicate the 'high' and 'low' cost estimates and PCICs for alternative technologies for the hydrological services which happen to be most expensive among the 'core' urban services.

Actual plan allocations for urban infrastructure during the 6th Plan (1980-85) and the 7th Plan (1985-90) may now be compared with the desired requirements as indicated in Table 1. The results is shown in Table 3.

TABLE 3 INDIA : SHORTFALL IN PLAN ALLOCATIONS BY URBAN DEVELOPMENT COMPARED TO DESIRED INVESTMENTS, 1980-85 AND 1985-90

	<i>(Rs. in million)</i>	
	1980-85	1985-90
Plan Outlay	27511	47369
<i>Desired Investments :</i>		
(i) Low estimate	43600	60210
per cent shortfall	37%	21%
(ii) High estimate	69600	100160
Per cent shortfall	61%	53%

SOURCE : India, Planning Commission, *Seventh Five Year Plan, 1985-90* Vol. II, 1985; and Table 1 above.

<sup>1</sup>Gangadhar Jha, "Financing Urban Development: An Assessment", *Nagarlok*, Vol. XV, No 4, October-December, 1983.

As shown in Table 3, the proposed outlay in the Seventh Plan for urban development marks an improvement over the Sixth Plan in marginal terms; the shortfall of actual outlay in terms of the desired norm continues with needed increases in the backlog investments in the subsequent plan periods.

### *Fiscal Gap for Maintenance*

In India urban development investments are routed through specially created development authorities, but the consequential finance for operation and maintenance of the facilities created is not devolved to the local authorities with the result that in each successive plan period there is an accumulation of maintenance liability for urban services.<sup>2</sup> Partly this problem is sought to be tackled by creating special functional authorities responsible for both development and maintenance finance, such as, housing, and water supply and sanitation. However, actual experience of these function-specific authorities in dealing with the needs of the urban poor suggests the need to relate public services to elective authorities enjoying tax powers. Moreover, many of the specific local services need the support of local regulatory powers, such as, for building construction, sanitation, and public health which are available only with municipal authorities. Therefore, both the development authorities as well as the functional authorities have to depend on the general purpose local government to maintain and regulate urban services. The existing arrangements for plan funding and revenue transfer arrangements do not take into account the municipal fiscal needs, as such, there is a municipal revenue gap consequent on urban development financing arrangements.

## FINANCING URBAN DEVELOPMENT

### *Local Fiscal Efforts*

Since urban development is basically a local level activity, its ultimate success would depend on the degree of local fiscal efforts through beneficiary charges, and increased tax efforts. The concept of beneficiary charges received an impetus under compulsions of external funding agencies, like the World Bank, since the mid-'70s. In all the World Bank financed urban projects cost recovery approach occupies the centre of the stage, supported by two allied objectives, viz., affordability and replicability.<sup>3</sup> However, actual experience shows that except for direct beneficiary charges, it is extremely difficult to devise appropriate cost

<sup>2</sup>Abhijit Datta, "Financing India's Urban Plans", *Cities*, May 1984. Also see, India, Planning Commission, Task Forces on Housing and Urban Development: III, *Management of Urban Development*, New Delhi, 1983.

<sup>3</sup>*Ibid.*

recovery methods for financing community services, such as solid waste management, environmental improvement of slums, public health and sanitation, roads, fire services, etc. The problem is further compounded due to the increased emphasis on the needs of the urban poor and the gradual privatisation of individualised urban services meant for the upper income groups, such as housing, and transport. Many of the personal social services have long been partly privatised, with public responsibilities for the poor. Therefore, the major reliance for public financing of urban development has to be on taxation, both locally raised and through transfers by upper level governments. In the absence of a regular mechanism of revenue transfers to the urban local authorities, municipal taxation becomes the principal means of eventual financing of urban development through servicing of loans and maintenance of assets.

The two major sources of municipal taxation need thorough-going reforms. Of these, property taxes have become a virtually inelastic source of revenue due to the operation of rent control legislations in the major urban areas. *Octroi* needs more than just streamlining its administration; it awaits effective integration with a generalised system of retail-level value added tax.<sup>4</sup> The impediments affecting proper utilisation of these two taxes are well-known, but no effective action is in the offing, partly due to the opposition from the tenant lobby and also due to the unwillingness to compensate municipal bodies adequately in the event of an integrated system of indirect taxation of retail transactions.

### *Privatisation Prospects*

Apart from substituting local public enterprises, privatisation in urban development seems likely through voluntary efforts in the delivery of urban services to the poor. For instance, consider the following observation:

Public agencies in India are used to interaction with private interest groups in the organised sector. Interactions with the informal sector and the economically weaker sections of the population take place through intermediaries, like community leaders or professional politicians. With the increase of contact points between the public agencies and the poor there might be a need to create buffer organisations that could articulate community needs and negotiate with the public agencies on an equal professional footing. Such buffer organisations are being tried in India in facilitating the supportive

<sup>4</sup>India, Planning Commission, Task Forces on Housing and Urban Development: II, *Financing of Urban Development*, New Delhi, 1983.

services of the various public agencies towards the household and service-oriented and economic activities of the slum population.<sup>5</sup>

The fiscal implication of such voluntary buffer organisation to be responsible for the delivery of poverty-oriented urban services would be shedding of direct responsibility for urban services and their maintenance by public agencies; but, the voluntary efforts would need public subsidy and regulatory support from local government.

Similarly, if private economic activities are to be promoted in the secondary urban areas, there is a need to offer fiscal and other incentives which would be possible only through an integration of the development and maintenance responsibilities for urban development in local government.

#### FISCAL MEASURES FOR URBAN DEVELOPMENT

##### *Transfer Arrangements*

In order to strengthen municipal fiscal capacity to undertake the required revenue obligations and development activities, a revised grants structure (RGS) has been introduced in the Calcutta metropolitan area (CMA) at the instance of the World Bank. Basically, the RGS starts with fixation of municipal revenue expenditure levels and corresponding domestic tax-targets, assuming a stable arrangements for tax-sharing and assignments from the state government. The municipal authorities are classified in terms of their fiscal performance into three categories: (a) below average, (b) average, and (c) above average. The below average municipalities are assisted through a deficit grant to meet their revenue obligations, but they do not receive any development assistance. The average municipalities, receive both a deficit grant and a 'normal' quota of development assistance by way of  $\frac{2}{3}$  grant and  $\frac{1}{3}$  loan. The above-average-municipalities, on the other hand, received a smaller dose of deficit grant compared to the average municipalities and a normal quota of development assistance; but they also receive a bonus quota of loan assistance to undertake remunerative ventures.<sup>6</sup>

The RGS ensures the minimum municipal fiscal needs and encourages the municipal authorities to undertake development projects in terms of their fiscal capacity and performance. Continuous monitoring of municipal fiscal performance is an essential part of the success of such an incentive-cum-control mechanism whereby the municipal authorities are allowed to undertake their scale of activities in terms of their own

<sup>5</sup>Abhijit Datta, "India: Human Settlements for the Eighties", *Planning and Administration*, Spring 1982.

<sup>6</sup>For details, see, World Bank, "Making Municipal Development Work: The Calcutta Experience" (Report No. UDD-48), Washington, DC, 1984.

fiscal efforts. At the same time, municipal budgets are not upset to maintain newly created assets and service loan obligations unrelated to their revenue capacity.

There are indications that the state-level monitoring agency is dragging its feet to revamp its organisational capacity to fully operationalise the RGS; at the same time, the municipal authorities in the state outside the CMA are asking for the extension of the RGS throughout the state. The limited success that the RGS has achieved since its installation in 1983 has been attractive enough for other states also to rationalise their fiscal transfer arrangements to the municipal authorities. In course of time RGS may be transformed into a full-fledged formula type of fiscal transfer by combining both the municipal revenue and the plan components.

#### *Development Banking*

The experiment with development banking related to urban development has been recently proposed under the Seventh Plan (1985-90) in the fields of housing and urban infrastructure. A national housing bank (NHB) will be established as an apex financing institution to meet the specialised financing needs and also to act as a secondary mortgage institution for the housing sector. A series of local-level housing finance societies will ultimately be linked up with the NHB.

In the field of urban infrastructure also, a parallel urban infrastructure development finance corporation (UDFC) will be set up to meet the capital requirements for urban infrastructure, including water supply and sewage. The NHB and the UDFC would thus meet the bankable aspects of urban development projects, leaving the purely subsidised parts to be financed through normal plan allocations<sup>7</sup>.

The current emphasis on reliance on development banks rather than on plan allocations for urban development is due to the success of similar experiments in financing economic infrastructure and agricultural projects. The main advantage of funding through a development bank is an improvement in project appraisal, financial discipline, close monitoring of performance and better project management. At the same time, a clear distinction could be made between bankable and non-viable projects, so that subsidy arrangements could be tailored to those areas where necessary. Same degree of cross-subsidisation is implied even in bankable projects, but to suggest that the growing needs of the urban poor can be entirely met through this approach, as many city development plans do, is to ignore reality. Henceforth, the financing of urban development would be organised on the same

<sup>7</sup>India, Planning Commission, *Seventh Five Year Plan, 1985-90*, Vol. II, New Delhi, 1975.

lines as for rural development, and development banking experience in one field would be pointers for the other to draw useful lessons.

### CONCLUSIONS

We have indicated the current approaches in financing urban development in India and highlighted their inadequacies, as well as the measures for improvement. There is a distinct trend towards privatisation in urban development efforts; and at the same time, the specific needs of the urban poor are to be attended to. The present system of dichotomous fiscal arrangements for development and maintenance needs to be integrated through concrete measures to augment municipal fiscal capacity and performance through a well-established system of fiscal transfers. The bankable aspects of urban development would, in future, be assigned to development finance institutions, leaving the non-viable aspects to be met through normal plan allocations. Ultimately, however, it is the local fiscal capacity and efforts which will determine the pace of planned urbanisation and its financing, since the entire financial superstructure is based on local institutions, such as the municipal and special authorities, cooperatives and other community-based organisations. □

## *Slums: Ruralisation of Urban India*

M.C.K. SWAMY

SLUMS KNOWN for their squalid housing, insanitation and disease not to speak of congestion and poverty are not the monopoly of urban India alone. It is part of Rural India as well. Slums are the universal phenomenon throughout the world of nations, developed or developing. Views widely differ regarding definition of slums, description of their conditions and above all the causes and consequences of creation of slums. With the result, the challenges posed by slums in terms of population growth, urbanisation and human welfare have been clouded by the narrowness (or sharpness) of definition adopted. In our country, there is no systematic or uniform approach to identify and define slums. Planners, sociologists, administrators, governments (both state and central) adopt different criteria to identify slums and debate the issues, each looking through one's own frame. In as much, today we have only estimates of slum dwellers available in urban India and that too not meaningful for any indepth analysis.<sup>1</sup> It is taken for granted that there are no slums in rural India. One has only to visit rural settlements having population of 5000 or more to gain first hand knowledge of slums in them. In no sense they are better or worse than the slums that exist in recognised urban areas.

With no comprehensive data available on slums, the dwellers, their living conditions and basic needs, we have to swim through a maize of available estimates (data and statistics) by several sources to debate, issues or concerns. This methodology has been adopted to illustrate/support the main contentions of this article.

### URBAN INDIA—A MASS OF SLUMS

It is a well known fact that nearly 160 million live in urban India (1985) although 1981 census indicated it at 156.2 million. In other words, every fourth Indian is living in urban areas. The census of 1981 indicates that urban India grew faster in the present decade,

<sup>1</sup>Recently a compendium on slums that has been brought out by the Government of India (1985) attempts to reconcile different 'estimates' for a comparative analysis.

1971-81, at 46.02 per cent which is 8.1 per cent more than 1961-71. When compared to the national average of 23.73 per cent and a rural rate of 18.96 per cent, this urban growth is indeed enormous. In a country of our sub-continental proportions, there is bound to be regional variations in urbanisation amongst the different regions. But an analysis of the past three decades indicate that the urban growth rate is increasing in every decade, and the urban-rural disparities are also causing more and more migration from rural to urban sectors. In 1951-61 the rural-urban migration was of the order of 5 million persons and contributed to more than one-fourth of urban growth in the decade. During 1961-71, the rural-urban migration involved 10 million persons and accounted for one-third of the urban growth in the decade. During 1971-81, rural-urban migration played a significant role in urbanisation with an estimated 28 million persons involved in such migration. This contributed to more than 55 per cent of the urban growth as the absolute increase in urban population was 50.6 million (Table 1).

TABLE 1 RURALISATION OF URBAN INDIA

Census Decade	Net Addition (million)	Rural-Urban Migration (million)	Contribution to Urban Population Growth (Per cent)	
			Rural-Urban Migration	Natural Increase
1951-61	19.6	5.0	25.5	74.5
1961-71	30.2	10.0	33.11	66.9
1971-81	50.6	28.0	55.3	44.7

In 1961, census clarification of urban areas was made more rigorous. About 803 towns having a population of 4.4 million were declassified in 1961, and hence the low figure.

SOURCE : Compiled from census reports.

Irrespective of the debate on push and pull factors causing urban population growth, there is no second opinion that 'Ruralisation' of the so-called urban India is going on unabated. The rate of natural increase which is well above 20 per cent in the past three decades has also contributed to this factor in no small measures. If one examines the annual rate of growth of rural population it will be clear that successively it was 1.89, 2.00 and 1.75 per cent per year in the three decades. Alternatively, it may be substantiated by the urban-rural growth differentials (difference between growth rates of total urban population and rural population) which ranged from 0.48, 1.29 to 2.11 per year during the same period.

Secondly, the general decrease in average size of land holdings from

3 hectares to 2.4 in 1971 rendered more agricultural population surplus among the bulk of peasantry, who are small land holders. This continues despite the subsequent "Green Revolution" where main actors are large size land holders (kulaks).

On the urban scene itself, there is the interesting phenomenon of slums and squatter settlements, and the population below the poverty line. Taking the population below the poverty line first, the Seventh Plan estimated it at 36.9 per cent of the country's population. In effect 272.7 million persons did not have sufficient income even for bare minimum food. A large percentage of population above poverty line also cannot afford to have houses of their own due to low incomes and lack of significant savings. The incidence of poverty in rural areas is related to agricultural income per capita of rural population. Although the absolute population of poor is fluctuating, it is raising at an annual average rate of 3.5 million in rural areas and 1.5 million in urban areas. It is these disadvantaged sections of the society which actually contribute to the slum population.

The 1981 estimates identified that slum population was 32 to 40 million.<sup>2</sup> Of this, the lion's share goes to the 12 metropolitan cities, which together account for 40 per cent (13 to 16 million) and about 30 per cent by the rest of the cities. The estimates for 1991 made by the Ministry of Urban Development, however, put it around 45 to 56 million in 1991, again with more than 74 per cent living in cities including metropolises. In other words, nearly 25 per cent of the urban India is, and is expected to be living in slums up to 1991 (Table 2).

TABLE 2 ESTIMATES OF SLUM POPULATION 1990

<i>Category</i>	<i>All Urban Population</i>	<i>Estimated Slum Population Range</i>	<i>Population in millions</i>
<i>1981</i>			
India	159.7	32-40	
Metropolitan	42.2	10-34	
Other Urban	117.5	18-24	
<i>1991</i>			
India	241	45-56	
Metropolitan	65	22-25	
Other Urban	179	23-31	

SOURCE : Compiled from *A Compendium on Indian Slums* TCPO, Ministry of Works and Housing, 1985.

<sup>2</sup>However, the States and Union Territories have identified only 28 million as slum population. This is due to lack of comprehensive and systematic data collection amongst the States.

However, as already stated, this estimate is only one facet of the issue of such disadvantaged section of the society. The other is the affordability of the population for cheapest dwellings because of low wages/income induced low savings. A World Bank study of developing countries indicates that a large percentage of households in majority of the countries cannot afford cheapest dwellings (housing sector policy paper, 1975). The range of such population is as high as 68 per cent in Nairobi, 63 at Madras, 64 at Ahmedabad, and 55 in Mexico. Allowing for escalation of costs and the increasing gap between needs and supply of housing over these ten years up to 1985, it can safely be assumed that nearly half to two-thirds of the city population cannot afford cheapest dwellings.<sup>3</sup>

If we look at the housing statistics (for whatever their worth) a few revealing situations could be found. In 1971, 73 per cent of rural population lived in kaccha houses, and the housing shortage was 11.6 million units. In 1981, housing shortage increased to 16.1 million and in 1983 to 17.1 million.

On the urban scene the usable housing stock has not varied very much from 1961 to 1981 despite enormous increases in urban households. While the households increased from 14.8 million in 1961 to 30.7 in 1983 (*i.e.*, more than 100 per cent) the usable housing stock in urban areas increased from 11.2 million in 1961 to 25.2 in 1983, *i.e.*, increase of 75 to 80 per cent between 1961 and 1983 (Table 3).

TABLE 3 NUMBER OF HOUSEHOLDS AND USABLE HOUSING STOCK

				(in million)		
	Number of Households			Usable Housing Stock		
	Rural	Urban	Total	Rural	Urban	Total
1981	93.5	29.1	122.6	77.4	24.1	101.5
1983	98.4	30.7	129.1	81.0	25.2	106.2

SOURCE : *The Handbook on Housing Statistics, 1982-83.*

Again if we reckon the population which are houseless, they have increased in rural areas from 10.7 per cent in 1951 to 17 per cent in 1981, whereas it has slightly decreased in urban areas from 19.5 per cent in 1951 to 17 per cent in 1981. The relevant point in the urban phenomenon is the increasing poor, houseless, and rural migrants who have no ethos of urban life styles.

<sup>3</sup>This is corroborated by a study of Delhi housing situation by the author. In 1981, 25 per cent of households lived in resettlement colonies, 32 per cent in slums areas, and another 17 per cent in unauthorised colonies. Thus adding to a total of 64 per cent in slum conditions.

Another interesting feature of Urban India is its peculiarity that the population growth is mainly due to urban rural disparities and not due to industrialisation. The tertiary sector and particularly the unorganised informal sector is the main stay of employment of 50 per cent of the people in cities. A study of the role of informal sector in the development of small and intermediate cities in India (M.N. Buch and Pushpa Pathak) has indicated that in both small towns and metropolises work force employment, the informal sector ranges from 45 to 54 per cent (Table 4), who are these who seek employment in the unorganised sector where skill, education and living styles are at a premium? Again the bulk of this employment is contributed by rural migrants. The wage differentials between rural and urban informal sectors, the declining job opportunities in agricultural sector and the unabated poverty have all contributed to this mass exodus of disadvantaged sections of the rural society to the urban India. Where do they live in urban areas? Having arrived in urban areas their priorities are employment, food and shelter (*Roti, Kapada aur Makan*) in that order. It, therefore, behaves in their psyche that shelter is adaptable and therefore can be compromised to overcome hunger first, and then venture to drape themselves with some cloth to cover the nature's gift of body. It is this motive force which drives them to slums and squatter colonies to live in sub-human conditions.<sup>4</sup> This potential force has been abetted and aided by our approach to urban development, industrialisation and housing development including that of planners, administrators and, above all, the governments.

TABLE 4 INFORMAL SECTOR EMPLOYMENT IN SELECT URBAN CENTRES

Name	Population (million)	Size of Informal Sector (per cent)
Calcutta	7.23	45
Bombay	5.97	49
Delhi	3.64	53
Ahmedabad	1.74	46
Bangalore	1.65	45
Chandigarh	0.21	54
Ratlam	0.15	45

SOURCE : Mahesh N. Buch, *Planning the Indian City*, p. 125.

<sup>4</sup>Another view of this human psyche could be found in the living conditions of Indian migrant labour in Gulf countries. The lure of high wages have driven these people to migrate to these foreign countries leaving families and land behind in India, but lived in hovels, and worked at odd hours and back bending labour. No doubt the slums these people created was in foreign lands, and not in urban India. The slum conditions, however, differ because of different countries and economic levels.

It must, therefore, be conceded that from whatever angle we view the urban India three things are clear:

- (i) That slums are inevitable part of Urban India.
- (ii) Urban and rural poverty increasing at a fast pace generates the human psyche to adopt to slum life styles as a means of living.
- (iii) Whatever may be the present methodologies and approaches to Urban Development, Housing, and Industrialisation, it does not diminish slum creation rather perpetuates it.

No doubt slums will stay with us as long we are not able to eradicate poverty, social inequalities, despite tall claims by government and politicians. The creation, existence and proliferation of slums and squatter settlements are mainly due to the massive urban-rural poverty and the differentials in job opportunity and wages between urban and rural areas. The latter has, in many ways, given rise to the so called informal sector in urban areas. Thus urban India is a mass of slums. This is true in both magnitude and scale, population and housing conditions included.

A high-rise building is surrounded by shanti towns and slums. Construction activities like roads, buildings, flyovers, stadia, infrastructure facilities, and even transportation systems, bring-in more unskilled, semi-skilled ruralities to urban areas due to their sheer/magnitude and scale of job opportunities they provide. In fact, it is no Euphemism if it is said that the blood, sweat, toil of these poor 'country cousins' are the very foundations and structures for the massive build-up in urban India. Such is the contribution of this disadvantaged sections of the society (both in rural and urban areas) towards urban growth.

But in their wake, these disadvantaged sections of the society bring their rural life-styles into the physical boundaries of urban areas. Rather they transplant the rural life-styles into urban areas. A look at squatter colonies will reveal many interesting things:

To the planner—the organic forces and spontaniety of growth;

To the designer and architect—the ingenious use of materials, waste and discards to build shelters that create privacy and protection;

To the urban manager—an eternal management problem due to sanitary conditions, high demands for services and facilities, squatting on government and private open lands;

To the social planner—a variable sea of social transition and change, alongwith the exposures to deprivation urban luxuries;

To the health officials—a reservoir of endemic diseases and other health issues, mainly related to lack of personal hygiene and nutrition;

To the environmentalist—a (human) sub-ecosystem, mainly rural in character but loaded with pollutions of land, soil, air and water at critical levels and sub-human living conditions alongwith an admixture of animals and humans, so as to endanger the very life articulation of humans in the slum areas in particular and urban areas in general.

Irrespective of the scenarios one could unearth, the rapid influx of rural poor, the unabated growth of urban poor, and ever increasing gap amongst urban dwellers to afford the cheapest housing, the slum life articulation in urban areas proliferates. This slum living is more rural living in concentrated doses in concentrated areas, covering more than 50 per cent of city population. It is this ruralisation which creates conflict of social change, environmental deterioration and 'Islands of rural pockets in the sea of urban affluence'.

This ruralisation of urban India deserves a new look for urban planning and development, satisfaction of basic needs of the city's residents, and above all, environmental management in urban areas. The current desperate approaches for urban planning, housing transportation and delivery systems need more feedback from the ongoing ruralization of urban India to cope-up with the needs, and demands of an appropriate management resolution.

Then what should be our approach to at least lessen the proportion of population resorting to slum living? Debates can be generated about the proportion of slum dwellers in 1980, 2001 or 2050? But it is not a purely demographic issue. It is related to our urban planning, shelter design and development, development of delivery systems in both rural and urban settlements, for basic needs, planning and development of social welfare, and even social change.

This challenge of slums has indeed defied many of the efforts even in the West in developing countries. But in our developing situation the challenges posed need to be understood clearly and the whole effort of national development altered, modified and prioritised suitably to at least keep a control on slum proliferation. ☐

# *Financing Local Government: A British Scheme*

BHABATOSH DATTA

LOCAL GOVERNMENT as it emerged in India was based on the British model and all analysis of and proposals for reforming the British system are thus of interest to India. The question whether the requirements and compulsions of the British system are relevant to the Indian situation now can be answered only after a careful comparison. In any case, it is necessary that any major proposal for a thorough overhaul of the British system of local government finance should be examined intensively by all students of the problem in India. From this standpoint, a document of particular importance is the British Government's Green Paper\* entitled *Paying for Local Government*, issued and presented to Parliament in January, 1986. This Green Paper (Cmdnd. 9714) was prepared by a team comprising Kenneth Baker, Secretary of State for Environment, Nicholas Edwards, Secretary of State for Wales, and Malcolm Rifkind, Secretary of State for Scotland. Though formally meant to serve as a basis for parliamentary discussion, the Paper has been circulated for eliciting comments.

## THE APPROACH

The fact that the team putting forward the proposal consists of three secretaries of state, gives it significant weightage. It is also noteworthy that while the proposals involve drastic changes, they take the policies of the present British government as given parameters. For example, it is stated unequivocally that "since 1979 the Government has been committed to reducing inflation and setting the foundation for sustained economic growth". The statement continues, "The rate of monetary expansion had to be curbed and public borrowing had to be

\*A 'Green Paper' in Britain is a statement of *proposed* government policy, intended as a basis for *Parliamentary discussion*. A 'Blue Book' is 'a report or paper printed by Parliament', while a 'White Paper' is 'a statement issued by government for the information of Parliament'.

reduced so as to ease the pressure on interest rates" (para 1.14). Independent borrowing by the local bodies is included in the PSBR (public sector borrowing requirement). Local authorities' borrowing in 1984-85 was £2.4 billion, or nearly a quarter of the total PSBR of £ 10.2 billion. The pressure for reducing local government expenditure had already become strong under the Labour Government. In 1975, two-thirds of the total revenue expenditure of the local authorities had to be met by government grant and Anthony Crossland, the then Secretary of State for Environment had to declare that "the party's over". There were also the 'conditionalities' attached to the IMF aid forcing the government to cut both revenue and capital expenditure of the local bodies. But these efforts had only a short-period effect.

The emphasis of the Green Paper is primarily on the government's responsibility for the overall management of the economy and on the consequential need for controlling all large components of expenditure at all levels of public authorities. In 1984-85, local government accounted for 26 per cent of the total tax burden in the United Kingdom—10 per cent through the 'rates' and another 16 per cent as grant from the government taxation pool. In this position, the paper says, "there can be no question of the Government's abdicating its interest in the levels of local authority spending or taxation" (para 1.17). Reforms were introduced in the grant system, and the supplementary rates (changes in the rates between budgets) were abolished. Attempts were made to introduce an element of competition, *e.g.*, through public tenders for large contracts. At the same time, detailed controls over local government were reduced.

The Paper also emphasises what it describes as "the mismatch between those who are entitled to vote in local elections, those who benefit from local authority services and those who pay domestic rates" (para 1.33). In 1984-85, 54 per cent of the total rate income of local authorities of England came from the non-domestic (or non-household) sector, comprising commerce, industry, public utilities, and public sector institutions like schools or hospitals. The comparable share of the non-domestic rate-payers was 56 per cent in Wales and 64 per cent in Scotland. Those who vote and those who pay differ in numbers and, besides, "many of those who are entitled to vote for higher standards of local authority services either do not pay rates at all or do not pay full rates" (para 1.36). Out of 35 million electors in England, only 18 million are liable to pay rates and even among them many receive partial, or even full rebates. The grant system has often been discriminatory in effect, leading to low rate bills in high-spending areas. Those who receive rebates or do not pay any rates at all can vote for higher services without paying for them. The Indian student of local finance will easily note that while the dimensions of

local authorities' expenditure are relatively small and almost all local government borrowing is from the state government, the 'mismatch' between tax-liability and the right to vote is much greater in India than in the United Kingdom.

The Paper examines three alternative routes for reform—changing the structure of local government, imposing much greater central control over local authorities, and financial reform designed to improve local accountability. The first alternative is rejected on the ground that it would involve the introduction of 'provinces' between the top-level government and the local bodies (thus making the whole structure close to a federal system). Such a change will cause "enormous disruption" and create new problems. Extensive central control will require detailed regulation of expenditure, a large increase in the government's responsibility and manpower, and dilution of local accountability. The third alternative, therefore, remains as the only possible course open.

The principles on which this third alternative is based are, *first* "better arrangement for the taxation of non-domestic ratepayers, so that the payments they make towards local services do not conceal from local voters the true costs of increased spending"; *second*, "a more direct and fairer link between voting and paying, with more local voters contributing towards the cost of providing local authority services"; and *third*, "clearer grant arrangements, so that the consequences of increases or reductions in spending are felt directly and straightforwardly by local domestic taxpayers" (para 1.54). In addition, reform will be needed in the field of capital expenditure which are now based on centrally determined allocations accompanied by borrowing approvals.

#### THE PROPOSALS

In operational terms, the proposals comprise a three-fold system on the revenue side—*first*, a national non-domestic rate (for commerce, industry, public utilities, public services, etc.), the proceeds of which are to be distributed to the local authorities in proportion to the number of adults in their area; *second*, a community charge set by each authority, for payment by every adult resident at a flat rate—to replace the domestic rates in a phased time-schedule; and, *third*, a grant system which would compensate for the real differences in the local authorities' needs and provide additional help in the form of a flat rate sum per adult. The system is proposed to be applicable all over Britain, but there would be some variation in Wales and Scotland, according to the local circumstances. Northern Ireland is not covered by the scheme.

Taking first the national rate system for the non-domestic units,

it is noted that the present system is not only "Arbitrary and erratic" over time but it also affects the competitiveness of business. One remembers the 'Tiebout thesis' that people, and particularly investors, choose between locations after comparing benefits and costs (including local levies of all types), but once a choice has been made they cannot choose to move out. Non-domestic rates are paid by those who do not have any voting power to influence local spending and are borne by people who themselves may not be residents of the area. One suggestion is to abolish the non-domestic rates altogether and to replenish the funds from other sources. A possible alternative is a pay-roll tax, but the team, with its political parameters dismisses this simply by saying that "the Government has no intention of introducing such a tax on jobs" (para 2.22). Here the team, otherwise very clear in its logic, has failed to examine a source with a good potential and, when graduated, is a socially just system also.

The other alternatives are also dismissed in the same manner. The non-domestic rates could be replaced by an increase in the VAT by 10 percentage points or increasing the basic income tax rate by 7 pence. But the arguments against these are simply that "the Government is not prepared to damage work incentives by increasing income tax" and that an increase in the rate of VAT will not be 'acceptable'. Here, the independent reader feels, a regular committee or commission including non-official members could have gone into the real merit or demerits of the alternatives instead of taking certain government decisions as axioms. The team goes so far as to proclaim that the government is committed to a reduction of income tax and is opposed to any increase. The argument does not convey good logic when it is remembered that an increase in income tax or the VAT will *replace* another direct tax and will not, therefore, necessarily increase the total burden of the tax-payers.

#### OPERATIONAL DETAILS

However, the proposals made in the paper are attractive. The government will determine the basis of the non-domestic property tax or rate, pool the proceedings and redistribute them "in such a way as to lower the rate of the local domestic tax by the same amount per adult in all authorities" (para 2.30). This would replace the complicated equalisation of non-domestic rateable values as under the block grant arrangement. A major benefit, according to the Paper, will be that relationship between expenditure and local taxes will be clearly visible. The non-domestic rate, as nationally prescribed, will continue to be collected by the local authorities, who will retain the amounts they are entitled to under the redistribution scheme and remit the

surplus to the Department of Environment in England and to the appropriate Welsh or Scottish offices. The cost of collection will presumably be deducted at the first stage.

#### *Mixed Hereditaments*

The Paper realises that a difficult problem will be that of drawing the border-line between domestic and non-domestic property, particularly in the case of residential property, which borders on commercial use. Hotels and boarding houses (and perhaps service flats) would be regarded as non-domestic property. There is in existence a category of 'hereditaments', but a clearer definition is necessary. The suggestions made in *Annex G* of the paper regarding registration and other procedural problems are fairly detailed but the problem of mixed uses may not be easily soluble. A doctor uses one of the outer rooms in his residence as his surgery. A lawyer has his consultation chamber in his own residence. The owner of a factory lives in a flat in the factory-building. These will raise problems, as will the case of students in residence in a university campus. Crown property does not pay rates at present and the Paper recommends the continuance of a service charge on an agreed basis—except when crown property is used for residential purposes.

#### *Community Charge*

The most debatable suggestion is that of replacing the domestic rates (*i.e.*, the property tax on residences)—which have a history of nearly 400 years—by a per capita service or community charge on all adult residents. The administrative problem of maintaining a continually updated list of all adults in the area will be difficult, but not unmanageable. The team does not favour the use of electoral lists, because such use may imply the idea that the right to vote is bound up with the duty of paying a service charge. The Annex referred to above, suggesting the maintenance of an adult residents' list in every local authority area, provides for reporting of movements in and out and regular checks. The problem of 'billing' and collection may not be difficult in Britain. The most important problem is that of equity in charging the same flat rate service charge from every adult citizen. The team recognises the difficulty of reconciling the redistributive principle of a tax and the benefit principle.

A flat-rate community charge for local services by all adult residents will, the Paper feels, not be more inequitable than the present system which takes account of only the annual value and nothing else. Charging for the services when the people have a genuine choice between using the services and not using them will of course be unquestionably fair in an advanced economy, but the coverage has to go beyond a

determinable 'user-service' rate. The team does not go into the question of income-disparities and is more concerned with the prospect of a community charge being "a closer reflection of the benefit from modern people-based services than a property tax". This is undoubtedly correct, but what raises problems is the proposal of a uniform service charge for all residents—rich or poor. Particularly, when rich families are likely to be smaller in size than the poor ones, the burden on the latter (however justified by the total quantum of the municipal services enjoyed) will be quite large. A model is presented showing that at lower income levels, the average bills will be lower than under the domestic rates, but every such model depends on the particular assumptions underlying them.

### *Grants*

And then there are the grants. In 1984-85, 28 per cent of the local authorities's funds in England came from domestic rates and 23 per cent from the non-domestic tax-payers, while the remaining 49 per cent (£ 11.9 billion) came from government grants. The bulk of the grants—£ 8.4 billion—came as general block grants, £ 2.8 billion as special grants for specific services and the remainder as "domestic rate relief grant". In Wales and Scotland, the share of grants was 67 per cent and 54 per cent respectively. These grants are made partly for equalising the expenditure needs and partly for equalising the authorities' own tax resources. In addition, there has been the objective of giving national grants where the service rendered, (*e.g.*, education) is one of a wider "national dimension". The system has been changed a number of times, but difficulties remain, relating particularly to the "grant-related expenditure assessment" (GREAs), which may vary from year to year. Resource equalisation grants prove discriminatory, depending on the size of the non-domestic sector and also on the ability of the authorities to collect their own resources.

The new grant system that is proposed is based on three principles: *first*, simplicity, so that it can be understood by all; *second*, stability, imparting assurance about entitlements; and *third*, provision of a clearly visible direct link between changes in spending and in local tax bills (para 4.29). With these principles and the new taxation arrangements, grants for resource equalisation will not be necessary. The proposed grant system will include two components only: *first*, 'needs grants' to compensate for differences in the cost of providing a standard level of local service, and *secondly*, standard grants as additional contributions from national taxation to meet the cost of national-dimension services. The second grant will be at a constant rate per adult (para 4.33). Details of the method of calculation are given in an appendix (*Annex. H*).

### *Transitional Problems*

There will be transitional problem—administrative as well as in distributional. Certain illustrative cases are worked out—e.g., on the assumption of a community charge of £ 50 per adult per year—and it is shown that for the large majority of the ratepayers the losses or gains will be very small, the largest gainers being the “single pensioners” and the “one-parent families”. The largest proportion of losers will be the “other single adult” category, for they become liable for local tax for the first time as a result of widening the tax-base to include non-householder adults (*Annex J.*) These initial patterns are expanded later. In the special circumstances in England, the widening of the base will increase the ‘case-load’ of housing benefits.

### *Combined Effects*

The combined effects of all the three changes—the national rate system for non-domestic units, the community charge for all adult residents and the new grant scheme—will mean gain for the low spending authorities and for authorities with high domestic ratable values. On the other hand, high-spending authorities and those with low domestic ratable values will gain. On the basis of the 1984-85 position, over two-thirds of the authorities in England will gain (paras 5.7 and 5.8). An important factor will be the effect on the social security system, because those coming now under the tax net will increase the numbers eligible for benefit. On the whole, however, the Paper holds that though the proposals are “radical and far-reaching, there will be no dramatic shifts of resources” (paras 5.28-5.29). The important point emphasized is not the total burden on the national economy, but a widening of the sharing of the burden and accountability to the taxpayers and the beneficiaries.

### *Borrowing*

An important part of the problem is the capital expenditure of the local authorities. The paper recognises that “because capital expenditure offers future as well as immediate benefits, local authorities are not necessarily expected to finance it from income”. Borrowing is the usual practice, the repayment period being linked to the life of the asset created. Each authority maintains a “consolidated loan fund” (CLF) to which revenue account surpluses are credited and which receives the borrowed amounts and pays out the amortisation instalments. The loans are taken either from the government-funded (but independent) Public Works Loan Board (PWLb), or from the capital market. Government has to be particularly concerned because the “local authorities’ borrowing requirement” (LABR) is an important part of the overall PSBR and has therefore inflationary implications. The

government, the Paper says, is committed to reduce all public borrowing as a share of the gross domestic product and is concerned with both local borrowing and the expenditure met out of borrowing. The required control can be achieved through setting "external borrowing limits" (EBL) and through specific capital expenditure allocations for each authority. There is, however, some uncertainty patent in the Paper and comments are invited regarding all the emerging points (Paras 6.3-6.6).

### *Fees and Charges*

There are short discussions on fees, sales receipts, and specific service charges that are now levied. In 1984-85, the total receipts from these amounted to £ 2.6 billion, equivalent to about 60 per cent of the yield of domestic rates (para 7.4). The full budget will take all this into account, but the present service charges may become merged into the proposed community charges. In two separate chapters, the Paper examines the special cases of Scotland and Wales and suggests small variations in the general three-plank programme for England. Some suggestions for the system as a whole are still to be examined after comments have been received—e.g., the proposal that the local authorities might retain the power to levy a small rate (as a surcharge) on their non-domestic rate base, which will come under national management. There are valuable appendices on the recent trends in local authority spending, taxation and manpower, on the present system, on the implications for the housing market, on the relationship between local taxes and income, on administrative and distributional problems, etc. The presentation throughout is terse but lucid, without any unnecessary verbiage, and no one is left in any doubt about what is sought to be achieved under the general framework of the economic policy of the present government.

### APPLICABILITY IN INDIA

The whole scheme provokes the question to an Indian reader about its applicability to the Indian local bodies. The general principles laid down—accountability, matching of the rights to vote and to enjoy the benefits with the duty to pay and ultimate control—would be regarded as sound anywhere. In fact the 'mismatch' referred to by the Paper is much more pronounced in India than in Britain. One has only to point out that the municipal services in a city like Calcutta are enjoyed by large numbers who do not pay anything at all, either because they are below the exemption limit for the property tax, or because they are commuters from the dormitory villages and small towns in the neighbourhood. It will be interesting to study all the Green Paper proposals in the light of the Indian situation, and, more specifically, the situation in

West Bengal, where a Municipal Finance Commission went into the problems in some detail in 1982. The Commission did not make any drastic recommendations, because it had to work within the framework provided by the Constitution and the state government laws. The Commission did not however take any particular government policy decision as a given parameters

### *Taxation of Non-household Properties*

There is, however, strong reason for adopting in West Bengal (and in the whole of India) the Green Paper scheme of the government taking over the determination of the principles of taxing the properties of the non-household units within the local areas. There are great disparities now between one area and another and even within a single area like Calcutta. The property taxes paid by industry and business houses have reflected an erratic system of valuation and collection. In view of the federal system in India, a reformed rate system for non-domestic properties has to be operated by the state governments rather than by the national government. The Central Valuation Board in West Bengal is engaged in working out standard assessment criteria. Once these criteria have been determined, the state government can pass the necessary laws. As proposed for Britain, the actual collection will be made by the municipal employees and the local authorities will retain what they are entitled to and remit the surplus to a special fund to be created by the state government. The state government will take total collections into account and determine each authority's entitlement on a flat rate per adult citizen. If this generates some slackness among the authorities in their collection effort, a special bonus may be given in the case of collections exceeding a bench-mark level.

### *Community Charge*

It will, however, be extremely difficult to introduce in India the flat-rate community charge for every adult resident in replacement of the property tax on private households. The theoretical case for such a charge on all adult residents is very strong. There are already in many municipalities service charges for water, lighting, conservancy, etc., and the Calcutta Municipal Corporation has recently introduced a water charge in addition to its consolidated rates. The very name "consolidated rate" implies that certain service charges are included in it. The new water charge is based on the presumption that the consumption of water varies directly with the size of the ferrule which in its turn is based on the consolidated rate itself. A community charge of the Green Paper type will replace the property tax for households and it is this that will create problems.

The first difficulty will be about the complete listing of all adult

residents who will be liable to pay the flat-rate community charge. Two lists are available—one for the holders of ration cards and the other for voters. There are good grounds for believing that the list of ration card holders is highly inflated—the number is larger than the census population—and the age-entries are almost always inaccurate. While there are many false names in the list, there is also the fact that all newcomers are not readily registered, while deaths or permanent departures are often unrecorded. In the towns where the “modified rationing” system operates, there are “family cards” only in the name of the head of the family. The voters’ list is more dependable, but there are complaints there also about under-recording and over-recording. Besides, there is the valid argument made in the Green Paper that the voting right should not be linked with any tax liability.

Local bodies will therefore have to make their own lists of adult resident. In doing so they will use the ration card lists and the voters lists, but independent checking will be necessary along with continuous monitoring of the changes in the composition of the taxpaying body. And then the problem will arise about efficient collection. This problem will be much more difficult in India, especially in big cities, than in England. Will the bills be separately addressed to individual residents? What will be the method of collection, what will be the penalty for defaults? Speaking of Calcutta again, one notes that the municipal authorities cannot collect even 70 per cent of the amount billed when the total number of assessees is about 140,000, and when every assessee has a fixed address and also assets which can be attached in case of default. The total number of adult residents in Calcutta is more than 22,00,000 and it will be an unmanageable problem to collect the community charge from each of them. It will be easier to collect the charge from commuters through special terminal taxes on suburban railway passengers and through a special cess on bus fares, but in the former case, the Constitution permits only the Central Government to levy terminal taxes under Article 269. It should, however, be noted that the smaller municipal bodies may find it easier to collect the community charges.

A still more serious problem is that of equity. Assuming that a full list of the domestic residents has been compiled and is being regularly revised and that some way has been found to collecting the dues, one has to answer the question as to the equity of a flat rate charge on every adult resident, rich or poor. In Calcutta, the property tax is not collected from those holding the annual rental value of which is less than Rs. 600, *i.e.*, where the gross rental value is Rs. 667. There is no water charge to holdings with quarter-inch or half-inch ferrules. If the exempted class is to be brought under the flat-rate community charge of, say, Rs. 100 per head per year, the annual

liability for a family with three adults will be Rs. 300. There are thousands of families that cannot bear the burden of this charge. There is no absolute destitution in England and social security takes care of the unemployed, the old and the sick. The position in India is entirely different. But if all adults are not brought under the scheme, it becomes pointless to introduce it. It has also to be noted that any graduation of the community charge according to income will go against the Constitution.

At the same time, an annual community charge of Rs. 100 per adult resident is quite easily justifiable on financial grounds. If, as a preliminary basis of calculation, the voters' list for Calcutta is taken as the starting point, the payment of Rs. 100 per year by 2.2 million adults will bring in Rs. 22 crore. No details are available about the share of domestic rate-payers in the total property tax collection, but a beginning made with a community charge of Rs. 100 per adult, with a corresponding reduction in the property tax demand would appear quite reasonable. But as argued above, the collection problems will be insuperable and the inequity of a flat-rate charge irrespective of the ability to pay in a country or in a city or town with extremes of prosperity and poverty will make such a scheme economically unproductive, ethically unjustified, and politically explosive. Perhaps the lesson that one gets from the Green Paper is that whenever there is in future any question of an increase in the rates of property taxation, a community charge may be considered as a substitute for such increase. And in all the cases, the problem of separating the domestic beneficiaries and the non-domestic ones will remain. The available statistics show only a very small percentage of 'mixed holdings', but the introduction of a government-levied property tax on non-domestic units and a municipal community charge on domestic residents will raise disputes about classification in large number of cases.

### *Grants*

In the field of grants, however, the Green Paper proposals deserve full consideration in India. The grants that are now given are of two types—deficit grants to meet gaps in the revenue accounts and "Plan grant" for meeting the expenditure emerging from new projects, depreciation and maintenance being classed as revenue expenditure. The Plan grants are often a curious mixture of erratic *ad hoc* decisions and sometimes political pressures are dominant. If the present system of revenue grants could be replaced by a need-based grant periodically assessed by an expert body and by a national standard grant for financing expenditure on heads like education, where a local authority is being asked to do what the government has to do, the whole system will become more rational, and probably, on the whole, less expensive also.

*Market Borrowing*

The Green Paper suggestions regarding capital expenditure and capital provision can be related to the new plan expenditure of local bodies in India, which are entirely financed by project grants from the state government. The Green Paper wants, first, a careful allocation of capital expenditure for each local authority and, second, a provision to permit borrowing from a national fund or from the market, within the limits of the overall public sector borrowing requirement. Our municipalities do not now borrow from the market. Their only creditors are the state governments. There is no special fund like the British Public Works Loans Board and market borrowing cannot be successful without a state government guarantee. It will be useful to consider all the proposals of the Green Paper regarding capital expenditure for application to the Indian case. A scrutiny of capital expenditure requirement will be the first step. And there is no reason why the local bodies should not be allowed to borrow from the market. If the government can guarantee bonds issued by the continually losing State Electricity Boards, it should not find it difficult to guarantee municipal bonds. Actually, market borrowing with government guarantee will introduce more discipline than straight government lending can enforce. Political factors may be dominant in such lending.

*Need for New Thinking*

Reading the Green Paper, the Indian reader will envy the availability of data for full analysis in England, Wales and Scotland. The report was submitted in January, 1986 and must have been prepared during 1985. It is based upon all the necessary data for 1984-85, a position unthinkable in India. It is also noteworthy that the planners are not worried by such things as deliberate tax evasion or corruption in fixing liability—problems which make nonsense of many good schemes in India. However, the Green Paper is still a proposal on which comments have been invited. Presumably there will be some modifications later, but the three-pronged policy is an integrated whole, not permitting much modification. The scheme in its main outlines will have to be either accepted or held over for future revision. Meanwhile, students of local finance in India will get thought-provoking analytical points and counterpoints in the Paper and it may be expected that there will now be some new thinking on a policy problem which we have ourselves made almost intractably complex by patchwork changes on what are often described by the face saving expression; “pragmatic grounds”. □

## *Regional Dynamics of Urbanisation, Urban Growth and Occupational Structure of Uttar Pradesh*

YOGESH KUMAR

THERE IS usually a direct relationship between development (and for that matter industrialisation) and urbanisation processes. But it assumes distinctive and rather complicated forms in developing countries like India. It is so because the characteristic pattern of relations between town and countryside, agriculture and industry and rural and urban producers, is not uniform in the country.

The rising and initial development of Indian towns occurred long before the beginning of the world industrial revolution. Ancient Indian cities appeared and developed as organising nuclei in the seats of irrigated farming, which for that time had a relatively high population density. They were also commercial handicraft, military, administrative, and religious centres, and they reflected the centuries long re-capitalistic state of development.

The pre-capitalist relations of production prevailing in the old cities and towns were such that they had a spontaneously grown own structure of socio-economic and technological inter-connectedness with the countryside. It was due to the existence of relations of techno-economic unity between agriculture and domestic industry. Hence, rural-urban dichotomy or divide was a rare phenomenon.

Rural-urban dichotomy that exists today in India is a product of the colonial rule which ruined the basic structure of techno-economic connectedness between agriculture and domestic industries by superimposing the colonial mode of production. This mode of production was firstly, super-imposed by conferring private ownership in land on *talukdars* and *zamindars* and secondly, by interweaving centre-periphery nexus of market and trade relations. The historical evidence of colonialism bears a witness to this fact. That is why British India experienced the process of de-industrialisation and de-urbanisation since mid-Nineteenth Century to the first quarter of the Twentieth Century.

But in course of time the centre-periphery nexus of market and trade

relations expanded and strengthened metropolitan or urban centre specific process of development in British India, and so the process of urbanisation became region or area-specific leading to certain growth enclaves.

In free India rural-urban dichotomy persisted and became all the much sharper economically and technologically because the urban-specific process of development continued its operation at the colonial base of development process. As a result urbanisation as a process does not present a picture of continuum so far as the characteristic pattern of relations between town and village is concerned.

The process of urbanisation is especially not uniform but diverse from one region to another or one area to another within a given region. This is essentially on account of diverse patterns of relations between village and country-side which, by and large, correspond to or arise from the diverse patterns of relations between agriculture and industry and between rural and urban producers.

From the genesis of urbanisation it is confirmed that rural urban bias is a historical outcome and a product of colonialism in most of the developing countries, But the Western World's conception regarding urbanisation is quite well reflected in Michel Lipton's following statement:

The most important class conflict in the poor countries of the world today is not between labour and capital. Nor is it between the foreign and national interests. It is between the rural classes and the urban classes. The rural class contains most of the poverty and most of the low cost sources of potential advance but the urban sector contains most of the articulateness, organisation and power. So the urban classes have been able to win most of the rounds of the struggle with the countryside. Resource allocation within the city and the village as well as between them, reflect urban priorities rather than equity and efficiency.<sup>1</sup>

These urban priorities over equity and efficiency result in the development of economic regions and generally this process accelerates with the increasing degree of industrialisation and urbanisation. The level and specifics of economic development in different regions are reflected clearly in the standards and peculiarities of their urbanisation. Economic development and the progress of urbanisation's industrial stage are two aspects of the same process. It may be said that the degree of urbanisation is a kind of synthetic indicator of the level of economic progress. It shows the development level of the productive

<sup>1</sup>Michel Lipton, *Why People Stay Poor : Urban Bias in World Development*, London, Temple Smith, p. 13.

forces, the complexity of economic pattern, the degree of maturity of the internal commodity market and nature of interchange of the labour force. The increasing level of urbanisation reflects the degree of the region's capitalistic development, consequently regional distinctions in urbanisation may be a definite basis for that area's economic regionalisation.

William Petty in the 17th century had first suggested the 'sector hypothesis' which Collin Clark popularised by applying to study the character of the development process of the developed nations. Accordingly, much emphasis is placed on "dynamic economic factors of structural changes" in describing the process of development. If we consider urbanisation as one of the important dynamic economic indicator of structural change, it would be possible to relate it to the process of development. Despite the controversy about the direction of relationship between urbanisation and development, it could be observed that each of them acts as a catalyst in presence of other. Collin Clark and other economists for the developed nations empirically established a relationship between the level of development and the pattern of occupational structure. With the increasing level of development the concentration of work force gets shifted from the agricultural and its allied activities towards secondary and tertiary activities. The purpose of our study is to assess the level of development through the pattern of occupational structure of the urban areas<sup>3</sup> while the level of urbanisation of different regions is already given.

The State of Uttar Pradesh is selected because of its diversified qualities of urbanisation class-wise<sup>3</sup> and region-wise<sup>4</sup> and moreover, it

<sup>3</sup>To qualify for an urban area, a place first be either a municipal corporation or a municipal area, or under the town committee or a notified area committee or a cantonment board. All other places which satisfy the following criteria: (a) a density of not less than 1000 per sq. mile; (b) a population of 5,000; (c) three-fourths of the occupations of the working population should be outside of agriculture; and (d) the places should have, according to the superintendent of the state, few pronounced urban characteristic.

<sup>3</sup>*Class Towns having population*

I	Above 1,00,000
II	50,000 to 99,999
III	20,000 to 49,999

*Class Towns having population*

IV	10,000 to 19,999
V	5,000 to 9,999
VI	Below 5,000

<sup>4</sup>The districts included in different regions of Uttar Pradesh: (a) *Himalayan Region*: Pithoragarh, Chamoli, Uttar Kashi, Dehradun, Tehri Garhwal, Almora, Nainital. (b) *Western Region*: Saharanpur, Muzaffarnagar, Bijnor, Meerut, Moradabad, Bulandshahr, Rampur, Bareilly, Pilibhit, Shahjahanpur, Badaun, Aligarh, Mathura, Etah, Mainpuri, Farrukhabad, Etawah, Agra. (c) *Central Region*: Kheri, Sitapur, Hardoi, Lucknow, Barabanki, Raebareli, Unnao, Fatehpur, Kanpur. (d) *Eastern Region*: Bahraich, Gonda, Basti, Gorakhpur, Deoria, Ballia, Ajamgarh, Faizabad, Sultanpur, Jaunpur, Ghaziabad, Varanasi, Mirzapur, Allahabad, Pratapgarh, Gaziपुर. (e) *Southern Region*: Banda, Hamirpur, Jalaun, Jhansi.

is one of the most urbanised states in India with maximum number of towns prevailing and emerged in 1981 Census.

Before a direct link between urbanisation and development is traced it is essential that a clear cut picture of the urban growth of the state in the last few decades should be presented. There are a number of different ways to measure urban growth. The first is to examine the changes in the level of urbanisation, *i.e.*, changes in the proportion of population living in urban areas. A second measure is 'Net Urban Rural Growth' (NURG). This is merely the difference between the rates of annual population growth between urban and rural areas. Since urban and rural natural population growth rates are not very different now, this measure gives a good sense of magnitude of the rural urban transformation that is taking place. A third measure of urbanisation is the share of net migration in the total growth of urban population. Though it is a direct measure of transfer of population from the rural to urban area, but we will not be considering this measurement procedure at present because the data are not yet available for 1981 Census.

Urban population of UP has gone up by 25.22 per cent in 1971-81 as against 19.70 per cent in 1961-1971. It is higher than the decadal growth rate of the country, *i.e.*, 24.75 per cent. Uttar Pradesh is one of the States except Karnataka which have higher growth rate than the all India average in 1981.

Since 1901, the population of the state has gone up from 46.18 million to 110.5 million which shows more than double increase in the urban population. From 1901 to 1911 the population declined by half a million. It further went down by 1.5 million during 1911-21. Thereafter, during 1921-31 it went up by 3 million and further marked an increase of 6.8 million during 1931-1941. The increase remained nearly static in the next decades. The decade 1971 seems to have touched the peak growth rate.

Amongst districts the highest growth rate has been recorded by Nainital (43.42%) district followed by Ghaziabad (39.22%) and Lalitpur (34.42%). The lowest growth rate is recorded by Almora (18.42%). It registers a 10.40 per cent decrease of the urban population during the decade. Striking growth rate has been observed in the urban areas of Unnao (465.69%), Pratapgarh (228.32%), Deoria (178.49%), Raebareli (172.03%), Ballia (142%), Chamoli (135.79%), Basti (128.29%), Ghazipur (123.53%), Uttarkashi (120.32), Badaun (106.50%), Kheri (105.71%) and Hamirpur (102.43%). Growth rates below the state average are of the districts Almora (18.42%), Lucknow (28.56%), Agra (31.37%), Jaunpur (35.45%), Dehradun (37.12%), Etah (37.56%), Varanasi (38.23%), Kanpur (30.02%), Allahabad (41.09%), and Mirzapur (44.29%).

There has been an increase in the percentage of urban population in the state from 14.02 per cent to 18.0 per cent since 1971. Obviously, nearly 82 per cent of the state as a whole is still rural. Amongst districts Lucknow, Dehradun, Kanpur, Agra, Jhansi are the highest on the ladder of urbanisation while Sultanpur, Tehri Garhwal, Basti, Pratapgarh, Pithoragarh are at the lowest.

PATTERN OF URBANISATION CLASS-WISE DISAGGREGATED

	Total Number of Towns			Proportion of Population in Each Size Class to Urban Population in percentage			Growth rate of Population	
	1961	1971	1981	1961	1971	1981	1971	1981
<i>Class I</i>								
Above 100,000	17	22	30	54.43	57.06	51.48	37.00	45.47
<i>Class II</i>								
50,000—99,999	16	20	37	11.76	10.83	12.71	20.37	89.30
<i>Class III</i>								
20,000—49,999	52	67	85	16.65	16.70	12.34	31.07	19.16
<i>Class IV</i>								
10,000—19,999	75	91	194	11.01	10.44	13.36	23.85	106.27
<i>Class V</i>								
5,000—9,999	74	80	231	5.92	4.74	8.65	4.64	194.06
<i>Class VI</i>								
Below 5,000	10	13	82	0.03	0.23	1.46	32.14	909.39
TOTAL	244	293	659	100.00	100.00	100.00	30.68	61.21

SOURCE : *Census Report on Uttar Pradesh, 1981, Series 22, Part II B.*

The process of urbanisation as depicted in the table above reveals an interesting trend as the total number of towns in all classes has more than doubled in 1981 Census over 1971 Census. The growth rate of the decade 1981 has also increased twice over the growth rate of 1971 which hints at the presence of dynamic forces to speed up the process of urbanisation. In the class I and II towns there is a moderate increase in the growth rates while class IV, V, and VI have registered remarkably high increase in growth rates. The growth rate of class III has declined from 31.07 in 1971 to 19.16 in 1981. From this peculiar trend of class III it could be inferred that in the process of urbanisation, the towns have a tendency to move to class II and I from class III more rapidly than the movement of towns from class IV, V and VI towards class III. This higher speed of movement of towns towards higher classes may cause a typical distribution of urban centres in coming

decades. The decline in the proportion of population in class I could be because of more than proportionate increase in the number of towns in lower classes.

It is mentioned earlier that in 1981 Census of UP the natural rate of growth of population in rural and urban area is more or less the same. So net rural urban growth (NURG) of population could be a good indicator of urbanisation. Net urban rural growth (NURG) is nothing but the difference between the urban and rural growth rates of population, it merely indicates the direction and degree of influx of population in each region. High NURG would be because of either a high population growth rate in urban areas or low population growth rate in rural areas. Higher growth rate of population in urban areas could be as a result of better employment opportunities in urban areas or low wages and deficient demand in rural areas. It becomes important to analyse push factor and pull factor of urbanisation properly.

Theoretically speaking (it is empirically proved too for certain countries), a chain of events takes place to accelerate urbanisation. Increase in agricultural productivity causes higher incomes and generates greater demand for non-food items as well as for services which are based characteristically in urban (large or small) areas, the latter generates greater demand in urban areas. Simultaneously, mechanisation plays an important role to generate demand for repair services and small manufacturing in urban labour market.

Contrary to these chain of events which is a healthy pattern of development, in the low agricultural productivity areas where no additional absorption of labour in agriculture is possible, the acceleration of urbanisation seems to be the result of a push from the rural areas. Because of the low base of existing urban population the demand in rural areas causes a larger proportional change in the population of urban areas. So to point out urbanisation as a dynamic force of development in any region, the population growth of urban areas should also be analysed whether it is due to immiserisation or because of technical change.

For the forthcoming analysis of regional pattern of urbanisation, NURG is calculated for different regions of UP. The southern and western regions achieve maximum value of NURG, 3.68 and 3.45 with the percentage of population of the region as workforce 23.16 and 68.30 respectively. While eastern and Himalayan regions have more or less similar NURG, *i.e.*, 2.83 and 2.80 with 23.07 and 34.07 per cent as workforce. The central region has minimum NURG, *i.e.*, 2.64 with 19.14 per cent of workforce.

At almost similar high rate of urbanisation of western and southern region, a high fluctuation in the employment level is observed. It

intensifies the inquisitiveness to know the pattern of occupational structure of these regions so that the cause of such high fluctuation could be explained logically. Though the unevenness of the regions in terms of population leaves no room for a comparison in absolute terms, the unevenness of the level of urbanisation of different regions allows us to put forward the proportionate share of workers of each region out of the total workers of the state.

Two Tables (Table 1 and 2) depicting occupational structure of the workforce of the State are incorporated to investigate in which regions urbanisation is acting as a dynamic force of development.

TABLE 1 DISTRIBUTION OF WORKERS IN THE URBAN AREAS OF DIFFERENT REGIONS

Region	Total workers/ persons*	Agricultural labourers and cultivators	(In per cent)	
			Household industry, manufacturing, processing, servicing, repairs, etc.	Other workers†
Central	100	15.79	6.73	77.48
Southern	100	16.22	8.21	75.57
Eastern	100	11.44	13.40	75.16
Himalayan	100	12.35	2.36	85.29
Western	100	21.75	6.56	71.74

\*Though 1981 Census divides total workers as total main workers and total marginal workers. I have represented total main workers as total workers because marginal workers are not included in this study. Marginal workers are not included as they constitute only 0.31 per cent of the total urban workers in 1981 Census of UP. This insignificant portion of labour force is not going to affect conclusions significantly.

†Other workers include III, IV, V(b) and VI to IX occupational categories defined in Census 1971.

TABLE 2 SHARE OF REGIONS IN DIFFERENT URBAN EMPLOYMENT SECTORS

Regions	(In per cent)					
	Central	Southern	Eastern	Himalayan	Western	Total
1. Total workers	15.43	4.44	20.44	5.39	53.40	100
2. Agricultural labourers and cultivators	13.97	4.03	13.14	3.73	64.86	100
3. Household manufacturing industry	13.55	4.63	35.70	1.62	44.50	100
4. Other workers	16.50	4.42	21.20	6.20	51.58	100

SOURCE : The tables are prepared from the Census Report of UP 1981, Series 22, Part II B.

The western region, which has more than half of the total workers of Uttar Pradesh, has maximum share of workforce in each occupation. Out of the total agricultural labourers and cultivators it takes care of 64.86 per cent in the classified urban areas which is definitely remarkably high. It suggests that agriculture and other agro-based economic activities are dominant even in the urban areas and agriculture is done on a commercial basis. Out of the total workforce of the state the region shares 71.74 per cent of the total workers which implies a strong base of organised and tertiary activities. Western region seems to have a techno-economic link between agriculture and industry which could be a cause of high level of urbanisation.

In the eastern urban areas the maximum concentration of workers is in the household industries—manufacturing, processing, servicing and repairs' activities. The growth rate of rural population in this region is maximum implying that mechanisation in agriculture is providing demand for servicing and repairs' activities in urban areas.

Though mechanisation in agriculture could be a main factor for high employment in household repairs and servicing activities, the higher absorption of labour in the unregistered household activities could be because of high degree of migration of rural artisans to the urban centres. If we look at the occupational structure of rural areas and the pattern of change in household unregistered activities in the last few decades, as a matter of fact there is a decline in these activities in the rural areas of western and eastern regions. In the western region, the household unregistered employment out of the total workers decreased from 6.66 per cent in 1961 to 2.48 per cent in 1981 whereas in the eastern region this decline is from 5.10 per cent in 1961 to 3.61 per cent in 1981.

The shift of workers from the rural household industries could be because of low demand of their goods and services in rural areas. It is well observed that either the rural household self-employed artisans have assumed their role as wage earners in the urban centres or they are working as agricultural labourers in rural areas. The impact of this transformation could be diversified in the process of development. Whether it is a step forward or backward will depend on certain indepth inquiry of following questions. Firstly, are the self-employed artisans converted to wage earners in the same profession or they have changed their profession completely? Secondly, is the wage differential of urban areas sufficient enough to equalise the cost of migration in terms of quality of life? Thirdly, whether household goods required in rural areas, which were previously produced in rural household industries, are supplied from the urban centres at a cheaper rate?

The southern region which has the highest population growth in urban areas and net urban rural growth (NURG) registers no distinct

pattern of occupational structure. Though in southern region 'other workers' category constitutes 75.57 per cent of the total workers of the region, out of the total workers of the state it shares minimum number of workers, i.e., 4.44 per cent. Out of the total "agricultural labourers and cultivators", "household manufacturing industries", etc." and 'other workers' of the state it shares 4.03 per cent, 4.63 per cent and 4.42 per cent respectively. The minimum share of workers in this region (although it is a small region) out of the total labour force of the state's urban areas with high rate of urbanisation may question the character of urbanisation. It requires detailed probe whether urbanisation assumes a dynamic role of development or urbanisation in itself is a result of low level of infrastructural base in urban areas.

Another factor to show the dynamics of development is the growth and apportionment of town in each class as well as in each region. (Tables 3 & 4) Concentration of towns in different classes in each region could reveal the character of urbanisation. Each class of towns has a characteristic pattern of occupational structure so the distribution of towns in different classes in each region could relate urbanisation to the economic development.

TABLE 3 DISTRIBUTION OF TOWNS IN PERCENTAGE TERMS

<i>Class of cities/ regions</i>	<i>I</i>	<i>II</i>	<i>III</i>	<i>IV</i>
Central	4.55 (2)	15.90 (7)	20.45 (9)	59.09 (26) = 44
Southern	4.35 (1)	13.04 (3)	39.13 (9)	43.48 (10) = 23
Eastern	9.45 (7)	13.51 (10)	13.51 (10)	63.51 (47) = 74
Himalayan	4.34 (1)	13.04 (3)	34.78 (8)	47.82 (11) = 23
Western	9.94 (18)	7.73 (14)	27.07 (49)	55.24 (100) = 18
<b>TOTAL</b>				<b>345</b>

*Note :* Figures in brackets represent number of towns in each region.

TABLE 4 DISTRIBUTION OF TOWNS SHOWING SHARE OF DIFFERENT REGIONS IN EACH CLASS OF TOWNS

<i>(In per cent)</i>						
<i>Class</i>	<i>Central</i>	<i>Southern</i>	<i>Eastern</i>	<i>Himalayan</i>	<i>Western</i>	<i>Total</i>
Class I	6.90	3.45	24.14	3.45	62.07	100
Class II	18.92	8.11	27.03	8.11	37.84	100
Class III	10.59	10.59	11.76	9.41	57.65	100
Class IV	13.40	5.15	24.23	5.67	51.55	100

Based on 1981 census.

From the Table 4 it is clear that western sector dominates to possess maximum number of towns in each class. But it has maximum percen-

tage share of towns in the class I towns followed by III and IV. Whereas eastern region is the second largest region occupying maximum number of towns in each class, it has highest share in the class II cities followed by class IV and class I. The southern region has an ascending order of number of towns from class I to IV.

From the distribution of towns of clear clue of the development potential of each region is visible. Eastern region, which ranks second to have maximum number of towns, shows maximum potential for development. The maximum share of the western region in all classes of towns could be a result of the highest level of development.

From the above detailed analysis it has been observed that high level of urbanisation of two different regions is quite differently related to the level of employment and occupational structure. The high level of employment with maximum absorption of labour force in agriculture in the western region is a paradoxical situation from the point of view of our hypothesis. It leaves before us an array of questions to be analysed to determine the dynamics of urbanisation :

1. How much impetus by the urban growth is given to the rural development in terms of increase in agricultural production, employment generation in the rural as well as urban areas and supply of capital goods in rural areas?
  2. If western region is leading up in urbanisation because of advanced level of agriculture, can it be deduced that urban centres of the western region are having agro-based industrial set up demanding inputs from the rural areas and also supplying inputs for a better agricultural production?
  3. If eastern region is showing a potential for development and classifies itself as a prominent region in the household industries, is a similar two-way relationship in operation to support each other's development?
  4. What are the prevailing wage rates in different classes of cities for a particular employment? How much is the wage differential responsible for the influx of migrants from rural to the urban areas?
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# *Integrated Development of Small and Medium Towns: The Case Study of Andhra Pradesh*

V. GNANESHWAR  
A. MALLA REDDY

R APID GROWTH of urban population is a universal phenomenon. At the beginning of the nineteenth century, only 3 per cent of the world's population lived in urban areas which rose to 40 per cent by 1980 and is expected to reach 48 per cent by the turn of the present century.<sup>1</sup> Further, the growth rate of world's urban population is found to be 3 per cent per annum as against the total population growth rate of 1.7 per cent per annum. The alarming feature is that the developing countries will have to face more complex problems for, the growth of their urban population is expected to be as high as 4 per cent per annum against the growth rate of just 1.1 per cent per annum in the developed countries in the remaining part of this century.<sup>2</sup>

More disturbing aspect of urban expansion is the concentration of urban population in few metropolitan and select urban centres. For instance, about 27 per cent of Indian urban population live in twelve million-plus cities and class I cities/towns account for more than 60 per cent of the total urban population as per 1981 census.

The state of Andhra Pradesh follows the all India pattern in terms of urban growth; 53.69 per cent of the State's urban population live in class I cities and towns as per 1981 census. Further, the urban areas have registered fast growth rate of +48.26 per cent during 1971-81 as against the growth rate of rural areas which is + 17.19 per cent only. This again resembles the all India averages of urban and rural growth rates, *i.e.*, +46.02 per cent and +18.96 per cent respectively. The state occupies ninth place in the percentage growth of urban areas

<sup>1</sup>Pran Nath Luthra, "An Approach Paper for International Conference on Families in the Face of Urbanisation" held during 2-5 December, 1985, in New Delhi, p.1.

<sup>2</sup>*Ibid.* p.2.

while accounting for about 8 per cent of the Indian urban population.

The total number of urban areas in Andhra Pradesh is 234 of which 20 are class I, 30 class II, 88 class III, 64 class IV, 28 class V and 4 class VI towns. From Table I it is clear that during a span of four decades, the class I and II cities have registered three-fold growth and class III towns more than doubled their number whereas the class IV, V and VI towns have shown negative growth. Further, the populations of class I, II and III towns have shown increasing trend whereas the class IV, V and VI towns have shown decreasing trend. Thus, not only the numbers but also the populations of the last three categories of towns have registered negative growth as is evident from Table 1.

Such massive and imbalanced urban growth has naturally resulted in a number of maladies, *viz.*, social dislocation, inadequacy of essential civic amenities and social services, housing shortage, slums, unemployment, political unrest, congestion, environmental pollution, increasing crime rate, etc. The cumulative effect of all these maladies is utter chaos in the present urban life.

Though the problem was realized in the early 1970's itself, no practical solution emerged in the Fifth Plan period except meagre financial help to the fast degenerating metropolitan cities. It was only in the Sixth Plan that the attention of Indian planners got diverted towards the development of intermediate towns to arrest migration to the exploding million-plus cities.

An Integrated Development of Small and Medium Towns (IDSMT) scheme was devised involving the central, state and local governments. The objectives of the scheme are:

1. to enhance the growth of small and medium towns by increased and integrated investments;
2. to develop civic and economic infrastructure;
3. to generate employment;
4. to subserve the rural hinterland; and
5. to arrest migration to metropolitan and other large cities.

The scheme is aimed to give impetus to the growth of towns and cities having less than one lakh population as per 1971 census by investing about rupees one crore on each town in the selected sectors, *viz.*, market and mandies; sites and services; traffic and transport; low cost sanitation and industrial estates. The financial burden is being shared by the central, state and local governments in the ratio of 40 : 40 : 20. The sectors like water supply, drainage, slum improvement, employment generation, etc., are left to the discretion of state and local governments concerned but with a provision for integrating all these sectors.

TABLE 1 URBAN POPULATION GROWTH TRENDS IN ANDHRA PRADESH

Year	Class I			Class II			Class III			Class IV			Class V			Class VI		
	No.	Population	Per cent to Total Urban Population	No.	Population	Per cent to Total Urban Population	No.	Population	Per cent to Total Urban Population	No.	Population	Per cent to Total Urban Population	No.	Population	Per cent to Total Urban Population	No.	Population	Per cent to Total Urban Population
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)
1951	6	1760482	32.48	10	691013	12.75	34	907032	16.73	81	1100971	20.31	114	833701	15.38	33	127126	2.35
1961	11	2707943	43.16	8	532301	8.48	50	1491417	23.77	71	992500	15.82	70	548197	8.74	2	2150	0.03
1971	13	4063441	48.36	17	1121533	13.35	59	1757439	20.92	76	1126783	13.41	38	318026	3.78	4	15305	0.18
1981	20	6088001	53.69	30	2014465	16.17	88	2609863	20.95	64	912455	7.32	28	218244	1.75	4	14681	0.12

SOURCE : Census of India, 1981, Provisional Population Totals, Rural-Urban Distribution, Series I—India, Government of India.

In the wake of rapid and unbalanced urbanisation in Andhra Pradesh, the relevance and significance of the IDSMT scheme is unquestionable. This paper attempts to analyse the formulation and implementation of the IDSMT Scheme in Andhra Pradesh during the Sixth Plan Period (*i.e.*, 1980-85).

There were 194 small and medium towns eligible for central assistance with a population of 43,39,086 in 1971. Out of these, 18 towns— 1 class I, 9 class II, 4 class III and 4 class IV were selected for development under the IDSMT scheme in Andhra Pradesh during the Sixth Plan Period (Table 2). Majority of the towns were selected in the year 1981-82. The yearwise details are as follows:

1979-80	—	4 towns
1980-81	—	4 towns
1981-82	—	8 towns
1982-83	—	1 town

The Siddipet town of Medak district was selected and approved by the Government of India. But it was dropped later due to faulty selection. Tenali town was selected though its population was above one lakh as per 1971 census. From Table 2 it is evident that twelve towns have shown increased growth rates during 1971-81 over 1961-71 and four towns, *viz.*, Tenali, Tirupati, Guntakal and Nandyal have registered decreased growth rates during the same period. Five towns, *viz.*, Vizianagaram, Karimnagar, Srikakulam, Chittoor and Mahaboobnagar are district headquarter towns, five are divisional headquarter towns, five are taluq headquarter towns and two are growth centres. Finally, there were 21 districts in Andhra Pradesh (present number is 23) and out of these, only 13 districts were covered under the IDSMT scheme. Here again, Medak, Chittoor, Mahaboobnagar and Visakhapatnam district got two towns each and one town each was selected from the remaining nine districts.

In the Seventh Plan period, four more towns have been selected, *viz.*, Khammam, Ongole, Gudivada and Adilabad. The towns are selected from the districts which were not covered earlier. Three class II towns and one class III towns are selected. Three towns, *viz.*, Ongole, Adilabad and Khammam are district headquarter towns and the remaining, growth centres. Except Gudivada, other three towns have shown increased population growth during 1971-81 over 1961-71.

Thus, 21 towns are selected from Andhra Pradesh under the IDSMT scheme. It is observed that the four towns selected during Seventh Plan period were already pending with the Government of India for approval and were selected on the same criteria as applied in the earlier selections. Out of the current 23 districts, 17 districts are

TABLE 2 DEMOGRAPHIC TRENDS OF IDSMT TOWNS IN ANDHRA PRADESH

Sl. No.	Town	District	Class as per 1971 Census	Population		Growth Rate	
				1971	1981	1961-71	1971-81
1.	Ramachandrapuram	Ranga Reddy	IV	11,146	21,048	—	+ 88.84
2.	Tenali	Guntur	I	102,937	1,19,216	+ 31.09	+ 15.81
3.	Anakapalli	Visakhapatnam	II	57,73	73,112	+ 23.43	+ 27.78
4.	Vizianagaram	Vizianagaram	II	86,608	1,15,209	+ 12.76	+ 33.02
5.	Bhimavaram	West Godavari	II	63,762	1,01,940	+ 45.51	+ 59.88
6.	Karimnagar	Karimnagar	III	48,918	85,957	+ 55.03	+ 75.72
7.	Tirupathi	Chittoor	II	65,843	1,15,244	+ 83.69	+ 75.03
8.	Srikakulam	Srikakulam	III	45,179	67,865	+ 28.82	+ 50.21
9.	Medak	Medak	IV	19,458	28,591	+ 22.45	+ 46.94
10.	Guntakal	Ananthpur	II	66,320	84,248	+ 37.93	+ 27.03
11.	Chittoor	Chittoor	II	63,035	86,155	+ 31.66	+ 36.68
12.	Gadwal	Mahaboobnagar	III	21,828	30,974	+ 33.30	+ 41.90
13.	Nandyal	Kurnool	II	63,193	88,217	+ 47.21	+ 39.60
14.	Proddatur	Cuddapah	II	70,822	1,07,068	+ 39.92	+ 51.18
15.	Mahaboobnagar	Mahaboobnagar	II	51,756	87,361	+ 45.43	+ 68.79
16.	Bheemunipatnam	Visakhapatnam	IV	14,291	34,860	+ 44.82	+ 143.93
17.	Zaheerabad	Medak	IV	18,424	28,954	+ 40.91	+ 57.15
18.	Siddipet	Medak	III	26,296	42,753	+ 40.48	+ 62.58

SOURCE : Compiled from *Census of India, 1981*, Provisional Population Totals, Rural-Urban Distribution, Series I, India, Government of India.

covered and 6 districts are yet to be covered in the remaining part of Seventh Plan. If the Hyderabad district which is virtually Hyderabad Municipal area, is excluded, five districts, viz., Nalgonda, East Godavari, Warangal, Nizambad and Nellore remain to be covered to complete the districtwise distribution of towns.

The state of Andhra Pradesh is divided into three regions, viz., Telangana, Rayalaseems and Coastal Andhra due to various historical, political and administrative factors. Of the 17 towns selected under IDSMT scheme, 6 towns, viz., Anakapally, Bheemunipatnam, Bheemavaram, Srikakulam, Tenali and Vizianagaram fall in Coastal Andhra; 5 towns, viz., Chittoor, Guntakal, Nandyal, Proddatur and Tirupati fall in Rayalaseema; and 6 towns, viz., Gadwal, Karimnagar, Mahaboobnagar, Medak, Ramachandrapuram and Zaheerabad fall in the Telangana region.

#### PROJECT FORMULATION

The responsibility of project formulation is entrusted to the Town and Country Planning Directorate in Andhra Pradesh. The Directorate

has prepared town-wise proposals in consultation with the municipal bodies concerned. In case of the towns like, Tenali, Ramachandrapuram (BHEL), Anakapally, Vizianagaram and Bheemunipatnam, the project reports were prepared by their respective urban development authorities. It is observed that wherever the urban development authorities have taken up this task, the local bodies were relegated to the background. And sometimes they have shown complete ignorance of the projects taken up under the IDSMT programmes in their towns.

The scheme commenced in 1979-80 and the Government of India intimated to the state government that 18 towns are allotted to Andhra Pradesh under the IDSMT scheme in the Sixth Plan Period.<sup>3</sup> There has been abnormal delay in the selection and preparation of project reports and finally approval of these towns and their projects reports by the Government of India.

For instance, till 1980-81, only 6 towns were selected and by the end of 1981-82, another ten towns were added. And in the subsequent year two towns were selected. Thus, the selection of towns and sanction of projects tasks themselves have prolonged up to second half of the plan period mainly due to lack of earlier planning exercise and administrative delays.

In Andhra Pradesh, more emphasis was given to sites and services component was allocated 57.15 per cent of the entire scheme cost. The market and mandies sector received next priority with about 27 per cent of entire scheme cost. The traffic and transportation sector could receive only 13 per cent of the total IDSMT lay-out. The Agricultural Marketing Committees and the Andhra Pradesh State Road Transport Corporation have developed marketing and transport infrastructures respectively and hence the importance is being given to sites and services component.

The low cost sanitation is found to be least attractive in Andhra Pradesh as only one town, i.e., Anakapally has selected it and there too it is still in a dilemma whether or not to implement it. The low cost sanitation projects under UNDP scheme are observed to be more attractive for they are financed through grants only. Hence, municipalities have naturally preferred these projects only. Bheemunipatnam, a town of tourist attraction, has selected tourism development project under the IDSMT scheme.

It is clear from the foregoing that there is no proper mix of projects either from the point of implementation feasibility or from remunerative aspect. The sites and services projects are observed to be time consuming due to land acquisition problems and their non-remunerative nature. More emphasis is given to this sector revealing lack of

<sup>3</sup>Lr. No. K-14011/44/79/UD III A and Volume III, dated June 8, 1980, Ministry of Works and Housing, Government of India, New Delhi.

foresight in project selection. The inevitable consequence is very slow progress in implementation of the scheme.

#### PATTERN OF FINANCIAL ASSISTANCE

The allocation under the IDSMT scheme as per the Government of India's stipulation is rupees one crore per town to be borne by the central, state and local governments in the ratio of 40 : 40 : 20 respectively. The central government's assistance is uniform to all states and is in the form of loan, with a moratorium of five years on principal. The loan amount has to be repaid in 20 yearly instalments and the loan carries an interest of 5.5 per cent which is revised to 8 per cent from June 1, 1985 onwards.<sup>4</sup> The matching assistance by the Government of Andhra Pradesh is in the form of 50 per cent grant and 50 per cent loan to compensate the non-remunerative projects.

#### IMPLEMENTATION OF THE SCHEME

The responsibility of implementation is vested with the municipalities concerned. But the urban development authorities have taken this task for the towns falling under their jurisdiction. The detailed project estimates are being prepared by the engineering wings of the municipalities and are submitted to the Chief Engineer, Public Health for technical sanction. However, the urban development authorities themselves are authorised to accord technical sanctions for the projects falling within their jurisdiction, as they possess adequate technical expertise.

In order to ensure effective execution of the projects, state level and local level monitoring committees were constituted. The state level monitoring committee is headed by Secretary, Housing, Municipal Administration and Urban Development Department. The other members include the Secretaries of Revenue and Finance Departments, Vice-Chairmen of the three Urban Development Authorities, Commissioners of local bodies concerned, the Director of Municipal Administration, and a nominee of the Ministry of Works and Housing, Government of India. The Director, Town and Country Planning acts as the Convenor. The state committee has to meet once in two months to review the progress in implementation of the IDSMT scheme in various towns and to fix targets for future course of action. The inter-agency coordination problems are sorted out by this committee<sup>5</sup>.

There are two types of local level monitoring committees constituted

<sup>4</sup>Lr. No. K-14011/35/81/UD III A, dated July 12, 1985, Ministry of Works and Housing, Government of India, New Delhi.

<sup>5</sup>G.O.Ms. No. 98, dated February 9, 1982, Housing, Municipal Administration and Urban Development Department, Government of Andhra Pradesh, Hyderabad.

to sort out the execution problems at operational level. For the towns covered by the urban development authorities, the local monitoring committee is headed by the Vice-Chairman of the Urban Development Authority concerned. The Joint Collector or Revenue Divisional Officer incharge of land acquisition, the Director of Town and Country Planning or his nominee and the Chairman of the Municipal Council concerned are the other members. The Chief Engineer of the Urban Development Authority concerned provides secretarial assistance being the member convenor.<sup>6</sup> And for the towns which are not under the jurisdiction of any urban development authority, the local level monitoring committee is chaired by the Director of Town and Country Planning or his nominee (usually the Joint Director of Town Planning). The Joint Collector or Revenue Divisional Officer incharge of land acquisition and Chairman of the Municipal Council concerned are the other members.<sup>7</sup> The Commissioner of the municipality acts as the member-convenor. The local level monitoring committees are to meet at least once in a month to assess the progress of implementation and to formulate programme of implementation.

The main problems encountered in the implementation of the scheme relate to the land acquisition, delay in sanctioning of estimates, cost escalation, scarcity of building materials, etc. Further, it is also observed that the funds allocated to IDSMT projects were temporarily diverted to the salary of the municipal employees at Chittoor as suitable site for housing scheme was not available.<sup>8</sup>

The major constraint is found to be land acquisition problems in sites and services projects to which more than 50 per cent of the total IDSMT scheme is devoted. It is stated that in 13 towns about rupees seven crore out of the estimated cost of Rs. 10.77 crore are held up due to land acquisition problems<sup>9</sup>. Though land is taken into possession in certain cases, the compensation to be paid is being inflated due to procedural delays.

#### TARGETS, ACHIEVEMENT AND PROSPECTS

The total approved cost of the IDSMT scheme in Andhra Pradesh is Rs. 1884.68 lakh. (Table 3). Out of the total approved cost,

<sup>6</sup>G.O. (RT) No. 735 M.A., dated November 5, 1983, Housing, Municipal Administration and Urban Development Department, Government of Andhra Pradesh, Hyderabad.

<sup>7</sup>G.O.Ms. No. 98, *op. cit.*

<sup>8</sup>As per the Progress Report, June, 1986, prepared by the Directorate of Town and Country Planning, Government of Andhra Pradesh, Hyderabad.

<sup>9</sup>N. Venugopal Reddy, "IDSMT Schemes in Andhra Pradesh—A Review". Submitted to the Workshop on IDSMT in Southern States—An Evaluation held at RCUES, Osmania University, Hyderabad, February, 1985.

TABLE 3 TOWN-WISE PROGRESS OF SMT PROJECTS IN ANDHRA PRADESH

(Rs. in lakh)

Sl. No.	Town	Components										Total	Percentage of Expenditure
		Sites & Services	Market & Mandies	Traffic and Transport	Low Cost Sanitation/Tourism (L.C.S.)	Approved Cost		Expenditure till Sept. 86		Approved Cost			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	
1.	Anakapally	53.00	14.89	6.77	6.77	13.25	20.33	19.00 (L.C.S.)	—	92.02	41.99	45.63	
2.	Bheemunipatnam	54.00	14.16	10.00	11.55	14.00	14.59	22.00 (Tourism)	—	100.00	40.30	40.30	
3.	Bheemavaram	—	—	32.61	21.63	122.37	4.10	—	—	154.98	25.73	16.60	
4.	Srikakulam	42.35	34.38	56.12	0.39	—	—	—	—	98.47	34.77	35.31	
5.	Tenali	106.30	70.11	—	—	—	—	—	—	106.30	70.11	65.95	
6.	Vizianagaram	60.00	58.87	29.00	30.03	11	7.75	—	—	100.00	96.65	96.65	
7.	Chittoor	78.66	—	26.43	1.95	—	—	—	—	105.09	1.95	1.85	
8.	Guntakal	20.39	—	66.60	42.17	17.29	0.80	—	—	104.28	42.97	41.20	
9.	Nandyal	69.40	69.40	33.25	34.86	10.00	17.77	—	—	112.65	122.05	108.34	
10.	Proddatur	73.85	15.86	36.44	32.26	—	—	—	—	110.29	48.12	43.63	
11.	Tirupathi	70.05	—	24.95	6.44	11.35	—	—	—	106.35	6.44	6.05	

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
12.	Gadwal	31.90	7.62	67.69	20.83	—	—	—	—	99.59	28.45	28.56
13.	Karimnagar	80.42	46.68	—	—	46.90	28.41	—	—	127.32	75.09	58.97
14.	Mahaboobnagar	51.61	—	59.54	22.40	—	—	—	—	111.15	22.40	20.15
15.	Medak	67.54	35.35	16.84	21.31	—	—	—	—	84.38	56.66	67.14
16.	Ramachandrapuram (BHEL)	86.60	68.90	—	—	—	—	—	—	86.60	68.90	79.56
17.	Zaheerabad	62.66	3.39	36.62	—	—	—	—	—	99.28	3.39	3.41
18.	Siddipet	68.42	—	17.51	—	—	—	—	—	85.93	—	—
TOTAL		1077.15	439.61	520.39	252.59	246.16	93.75	19.00 (LCS) 22.00 (Tourism)	—	1884.68	785.95	41.70

SOURCE : Progress Report on *IDSMT Projects*, Directorate of Town and Country Planning, Government of Andhra Pradesh, Hyderabad.

Rs. 785.95 lakh forming just 41.7 per cent could be utilized till September, 1986. In mere financial terms 42 per cent progress in an extended plan period appears to be not encouraging. The major black spot is the area of sites and services wherein Rs. 1077.15 lakh are devoted and only Rs. 439.61 lakh forming just 40 per cent could be utilized due to various land acquisition problems. In case of the market and mandies, out of the total approved cost of Rs. 520.37 lakh not even half, that is, Rs. 252.29 lakh could be utilized till September, 1986. Traffic and Transportation sector received lesser importance, but only 38.08 per cent financial progress could be achieved. Though low cost sanitation and tourism projects with estimated costs of Rs. 19 lakh and Rs. 22 lakh respectively are taken up, no expenditure is incurred till date.

Main objective of the IDSMT scheme is to accelerate the rate of growth of intermediate towns by providing infrastructural facilities, thereby attracting the migrant population. The inputs provided through the IDSMT scheme are additional to the existing investments being made in various sectors. The conceived plan was to integrate various investments into a comprehensive programme. Unfortunately, this has not happened in practice. The projects under state sector are neglected and the entire focus has been on the projects taken up under the central sector with state governments' matching assistance. It has already been observed that the actual achievement of the scheme is just 41.7 per cent in mere financial terms in the extended sixth plan period. By any measurement this progress is not encouraging.

In the initial stages, finalization of the project reports was delayed, causing delay in the selection of towns and sanctioning of the project proposals by the Government of India. Though the money was released from the year 1979-80 onwards the actual utilisation has been made from the year 1982-83 onwards and the expenditure increased in the subsequent years (Table 4). Bulk of the amount was utilised in the year 1983-84 and 1984-85, towards the fag end of the Sixth Plan period and in the first year of the Seventh Plan period mainly due to dismissal of the pending court cases and taking the lands into possession.

There was no proper balancing of the projects selected under the IDSMT programme in Andhra Pradesh. The sites and services component was over emphasized and the traffic and transportation was given least preference which is not a healthy trend especially when most of the civic bodies lack adequate government or its own lands and land acquisition process is cumbersome and no solution has been evolved till date to simplify the procedure. The amount released could not be utilised due to delay in land acquisition.

In the first two years of the plan period, no work was taken up and no expenditure was incurred. In Andhra Pradesh the emphasis

TABLE 4 YEAR-WISE PROGRESS OF IDSMT SCHEME IN  
ANDHRA PRADESH

(Rs. in lakh)

Year	Amount Released			Amount Spent
	Central	State	Total	
1979-80	42.00	Nil	42.00	—
1980-81	16.95	42.00	58.95	—
1981-82	123.80	41.97	165.77	51.84
1982-83	53.83	84.02	137.85	134.06
1983-84	86.97	144.55	231.52	210.89
1984-85	80.08	72.25	152.33	247.19
1985-86	42.00	52.00	94.00	21.51
TOTAL	445.63	436.79	882.42	665.49

NOTE : The Financial Year in India is 1st April to 31st March.

was on the land acquisition and development for provision of sites and services and initially most of the land acquisition proposals were challenged in the court of law. The disposal of such cases was delayed and some of the cases are pending even today. In Nandyal town, the municipality has paid Rs. 1 crore as compensation to acquire 124 acres of land for the IDSMT projects whereas the total approved cost of all the four projects is Rs. 112.65 lakh only. The additional amount must be borne by the civic body. In Karimnagar town though land is taken into possession, the rate of compensation to be fixed is expected to go high affecting the beneficiaries adversely.

During the Sixth Plan period a population of 12,76,089 is covered with a per capita expenditure of Rs. 61.59 till September, 1986. The Government of India has decided to continue the Integrated Development of Small and Medium Towns Scheme during the Seventh Plan (1985-90) to cover 102 additional towns in India. It has been decided that the funds available for each town under IDSMT scheme has been increased from Rs. 40 lakh to Rs. 52 lakh on a matching basis during the Seventh Plan. This includes a compulsory component of Rs. 6 lakh on low cost sanitation. Over and above these, another Rs. 8 lakh is available from the Government of India on a matching basis for low cost sanitation which is optional.<sup>10</sup>

As the Government of India has already decided to apply the same criteria for selection of towns and projects, proper mixing of the projects, effective monitoring and coordinating mechanism at all the levels, specific re-investment policies and integration of the various development projects under one umbrella not only in financing but also in monitoring are essential to realise the objectives enunciated in the scheme. □

<sup>10</sup>Lr. No. 14011/4/85-UD-III A, dated February 14, 1986, Ministry of Urban Development, Government of India, New Delhi.

## *Public Enterprises and Regional Development: A Case Study of BHEL, Bhopal*

GIRISH K. MISRA

INDUSTRIALISATION HAS a major role to play in the economic development of underdeveloped countries. The gap in the per capita income between the developed and underdeveloped countries is largely reflected in the structure of their economies; the former are largely industrial economies, while in the latter production is predominantly oriented to agriculture. Soon after Independence, the Government of India launched the process of industrialisation as a conscious and deliberate policy of economic growth in the early fifties. During the period of colonial rule, lack of infrastructural facilities coupled with the absence of core and basic industries, by and large, discouraged entrepreneurship from the private sector to take a lead in the industrial development of the country. Moreover, in the face of unequal distribution of wealth and resources of the economy, the government could not entirely depend on the private sector for the industrial growth rate of Indian economy. It, therefore, proposed the concept of a mixed economy where the government and the private capitalists would work side-by-side leaving the development of key and basic industries in the hands of the public sector. Thus, Public Sector enterprises are born in India mainly with a view to (i) control the growth of private monopolies, (ii) accelerate economic growth, (iii) act as a kingpin of socialist development in a mixed economy, (iv) promote balanced regional development, (v) reduce inequalities in income and wealth, (vi) generate economic surplus, and above all (vii) act as an instrument of social transformation.

Since one of the professed aims of the public sector institutions is to remove regional imbalances and to generate balanced growth of the region, it is necessary to study the impact of public sector projects on the regional economy. When a public sector project is established in any region, advanced or backward, it is essential for the project to get

itself integrated with the regional economy and to promote all round development of the region through its backward and forward linkages as well as multiplier effects.

As the debate on the subject of the public sector on the regional economy remains inconclusive, the present paper deals with a rigorous empirical study on the efficiency and functioning of Bharat Heavy Electricals Limited, Bhopal and its contribution towards regional development.

#### *Growth of BHEL, Bhopal*

The Heavy Electricals (India) Limited was formed on August 29, 1956 under the Indian Companies Act, 1956. In the beginning of 1975, the Company had a total manpower of 94 which crossed 12,000 mark in the year 1963 by reaching 12,433. It attained the figure of 18,776 at the time of merger with BHEL in 1974 and 19,316 as on January 24, 1983.

Production also increased at a fast speed since the date of beginning of production on 6th November, 1960. During the year 1960-61, the output amounted to Rs 0.21 crore and by the year 1968-69, it had crossed Rs. 25 crore. Again by 1974-75 major milestone of Rs. 100 crore output was crossed with an output of Rs. 102 crore and by the end of the year 1981-82, BHEL, Bhopal registered an outturn of Rs. 198 crore.

Table I gives a clear picture of growth and production performance of BHEL, Bhopal since the beginning of its production to the year 1981-82 through its various indicators like total output, output per employee, per cent increase in output, manpower, etc. It can be seen from the table that the production of BHEL, Bhopal unit has been increasing steadily except during the years 1969-70 and 1977-78 when it showed a negative growth rate of 27 and 14 per cent respectively. Again, the percentage increase in manpower has always remained far below the percentage increase in production since the inception of production which is a good indicator of better performance of the factory from the production point of view. However, the percentage increase in manpower has suddenly started going down after 1963-64 and has become stagnant since 1975-76. But, the BHEL, Bhopal being a capital intensive industry where the avenues for expanding employment is limited, one cannot blame it for its failure in generating increased employment.

The BHEL, Bhopal was incurring net losses till the year 1972-73 and the total cumulative loss of the factory amounted to Rs. 58.87 crore by the year 1971. But this poor performance was due to the infancy stage of BHEL and its manufacturing a wide range of products like Steam Turbine/Water Turbine with matching generators on one

extreme to small products like capacitors, control gears, small motors, etc., on the other, "under one roof and one management". This product mix not only added to the "onerous task" of managing the Bhopal factory but also delayed the profitability of the industry as the gestation period of some of the bigger products varied from 3 to 4 years.<sup>1</sup>

The HE (I) L, Bhopal entered into the export market in 1968-69 with an order from United Arab Republic worth Rs 2.73 lakh. By 1974-75 the cumulative order for exports executed by BHEL, Bhopal reached Rs. 1.37 crore and in 1977-78, it had reached a level of Rs. 14.37 crore. Again, in the year 1981-82 exports worth Rs. 8.89 crore were executed and the cumulative exports had reached Rs. 59.39 crore. The heavy electrical items exported by BHEL, Bhopal are motors and controls to Arab Republic (ARE), Singapore and Ghana; switchgears to ARE, tap changers to Malaysia and micanite sheets to USA and Switzerland. Besides, the major contracts executed by BHEL in foreign countries cover not only the manufacture and supply, but also installation and commissioning of power plants like turnkey contract for 2×120 MW Thermal Power Station in Libya and exports of six sets of diesel generators with transformers and controls to Saudi Arabia, hydro generators of 8 × 53 MW and 2×60 MW to New Zealand, 3 × 29 hydro turbines and 1 × 115 MW hydro generators to Thailand, 2 × 30 MW hydro generators to Nepal, 3 × 23 MW hydro-sets to Malaysia, 4 × 30 MVA and 2×20 MVA power transformers to Tanzania and 4 × 84 MW hydro sets to Bhutan.

The major items being imported by BHEL, Bhopal, at present, are electrical steel sheets, special grade steel, copper conductors, insulating cables and magnet wires, castings/forgings of larger sizes, special insulating materials, certain components and proprietary items, etc. The major countries who supply these items are UK, USA, West Germany, Japan, France, Switzerland, Austria, Norway, Italy and others.

#### PATTERN OF INDUSTRIAL GROWTH IN BHOPAL

In the preceding section, it has been stated that production in BHEL started in July 1960 and since then through the years the unit has grown into a bigger public sector undertaking by providing direct employment to about 19,000 people. Besides, the unit has helped in setting up a number of large, medium and small-scale units in Bhopal city and its region through its linkage effects and infrastructural support. According to the data supplied by the

<sup>1</sup>W. G. Naidu, "A study in depth of some aspects of Management of HE (I) L, Bhopal", Nagpur University, 1980 (Ph. D. Thesis), p. 19.

TABLE 1 GROWTH AND PRODUCTION OF BHEL, 1960-61 TO 1981-82

<i>Financial Year</i>	<i>Total output (Rs. in lakh)</i>	<i>Per cent increase in output</i>	<i>Total manpower</i>	<i>Per cent increase in manpower</i>	<i>Total output per employee</i>
(1)	(2)	(3)	(4)	(5)	(6)
1960-61	—	—	1858	—	—
1961-62	13	—	3743	101	347
1962-63	144	1008	7476	100	1920
1963-64	470	226	10852	45	4331
1964-65	633	35	11394	5	5556
1965-66	827	31	12433	9	6652
1966-67	1249	51	13227	6	9443
1967-68	1607	29	14605	10	11005
1968-69	2733	70	14968	2	18258
1969-70	1990	-27	15240	2	13058
1970-71	2945	48	15504	2	18995
1971-72	3827	30	15845	2	24153
1972-73	5525	44	16301	3	33894
1973-74	6976	26	17303	6	40317
1974-75	10227	47	18776	8	54468
1975-76	12697	24	19055	1	66633
1976-77	13638	7	19074	0.1	71500
1977-78	11734	-14	18988	-0.01	61797
1978-79	12090	3	18817	-0.09	64250
1979-80	12801	6	19920	2.5	66361
1980-81	15561	22	19298	0.04	80635
1981-82	19806	27	19298	0	102632

SOURCE : 1. BHEL, Bhopal, Facts at a Glance, March, 1981.

2. Personnel Department, BHEL, Bhopal.

Sub-Contracting Division of BHEL. It makes purchases of inputs as well as finished products from about 66 industrial units in Bhopal including 48 BHEL auxiliaries which are used as components of BHEL products. In the year ending December, 1982 all these units supplied goods worth Rs. 9 crore. To develop and sustain these units, BHEL extends help to them in the form of expertise, tooling technology, use of new materials, testing, inspection services, etc.

In order to assess the role played by the BHEL unit in the industrial growth of Bhopal region and to find out to what extent its growth rate and growth pattern are different from the State, a comparison of patterns of industrial growth in Bhopal has been made from the Establishment Tables of 1961 and 1971 Censuses. The analysis would have been more precise and upto date had the data from 1981 Census been available. Bhopal had a big concentration of the following broad categories of the units in the major groups of manufacturing and repair

division in 1971. They are : (1) manufacture of food products; (2) manufacture of beverages, tobacco and tobacco products; (3) manufacture of textile products including wearing apparel other than footwear; (4) manufacture of paper and paper products; (5) manufacture of rubber, plastic, petroleum and coal products; (6) manufacture of chemicals and chemical products; (7) basic metal and alloy industries; (8) manufacture of machinery and machine tools and parts except electrical machinery; (9) manufacture of electrical machinery, apparatus, appliances and parts; (10) manufacture of transport equipments and parts; and (11) repairs. Among the 19 broad categories of Census classification, these 11 major groups are most predominant compared to the State and district's location quotient of units in these major groups.

Besides, there is high concentration of units belonging to the following five categories in Bhopal city and their location quotients are more than one in each case compared to Madhya Pradesh and Sehore district : (i) basic metal and alloy industries; (ii) manufacture of machinery, machine tools and parts except electrical machinery; (iii) manufacture of electrical machinery, apparatus, appliances and supplies and parts; and (iv) repairs. These five broad categories of units seem to have developed in Bhopal due to the existence of BHEL unit as they have direct and indirect linkages with Heavy Electrical Equipment Plant. As the share of Bhopal city in Sehore urban areas comprises more than 80 per cent of all these industrial units, one can say emphatically that these units grew in Bhopal city due to the impact of BHEL unit.

There was not only the growth of capital goods industries in the region but also a high growth of consumer goods industries in Bhopal city and Sehore district compared to the State's growth rate during the years 1961 and 1971. Similarly, compared to the statutory minimum wage rate of Rs. 7.10 per day for a worker in unskilled category, the minimum wage earned by an unskilled worker in Bhopal city varies between Rs. 10 to Rs. 12 per day.

#### STRUCTURAL CHANGES IN SOCIO-ECONOMIC CONDITIONS

Table 2 shows the percentage increase in the population of Bhopal city from the beginning of the 20th century (1901) to the year 1981.

It is seen from the table that the population growth in Bhopal city has recorded a fantastic increase since 1951 Census, the growth rates during the decades 1961-71 and 1971-81 being 107.61 and 74.69, respectively. These growth rates were higher than the country's urban growth rates of 38.30 per cent and 46.02 per cent as well as State's

TABLE 2 POPULATION GROWTH OF BHOPAL CITY (1901-1981)

<i>Year</i>	<i>Population</i>	<i>Percentage increase in Population</i>
1901	77,023	—
1911	56,204	-27.03
1921	45,092	-19.77
1931	60,991	35.26
1941	75,171	23.25
1951	1,02,333	36.13
1961	1,85,374	81.15
1971	3,84,859	107.61
1981	6,72,329	74.69

SOURCE : District Census Handbook, Sehore & Census of India, 1981, paper 11.

NOTE : Population figures are given for Bhopal MC only from 1901 to 1961.

growth rates of 46.63 per cent and 56.07 per cent, respectively during the same decades. This clearly shows the impact of BHEL in increasing the growth of population in Bhopal city.

Apart from that, Bhopal city which covered 82.03 per cent and 85.67 per cent of the total urban population of Sehore district in 1961 and 1971 respectively, had enumerated a maximum percentage of migrants coming from other districts of the State coupled with a high percentage of migrants from different states of India as well as foreign countries. The percentage of people born in other districts of the State during the years 1961 and 1971 was 17.47 and 18.48 respectively in the case of Sehore district's urban areas, whereas they were 14.03 per cent and 13.51 per cent of the total urban population of Madhya Pradesh. Similarly, the percentage of foreign nationals in the case of Sehore during 1961 and 1971 was 6.60 and 3.82 respectively as compared to the figures of 3.51 per cent and 2.28 per cent relating to urban areas of MP. People coming from different states of India, had a share of 20.17 per cent and 20.14 per cent in 1961 and 1971 for Sehore's urban areas as compared to the State's urban share of 15.59 per cent and 14.01 per cent respectively. This clearly indicates that the number of migrants to Bhopal city has continuously increased over the years contrary to the decline in their number in the case of MP. Thus, establishment of heavy electrical plant in Bhopal in 1960 together with increasing industrial growth due to its linkage effects has given Bhopal a cosmopolitan look.

#### GROWTH OF SLUMS IN BHOPAL CITY

The arrival of this large number of migrants has led to significant changes in the socio-economic structure of Bhopal city. According to the report of Bhopal Development Authority, the growth of slums

started on the eve of the establishment of heavy electrical equipment plant in Bhopal. About 30 per cent of the population in Bhopal city live in 24 slums. The slum dwellers possess not only a lower socio-economic status but also they have a very pessimistic view towards improving it in future. Needless to mention that the unintended consequences of urbanisation and industrialisation in the city have given rise to these slum localities as the local government has failed to provide adequate housing facilities at a lower cost to these poor people.

#### **BHEL, BHOPAL AND ITS IMPACT ON THE PERIPHERY**

But notwithstanding this development, a survey of about 24 villages around Bhopal city gives a negative picture. The villages around Bhopal city seem to be as backward as these were before. There is hardly any spread effect of development in rural areas. Till now, the villages around Bhopal are inaccessible due to lack of proper communication and drinking water facilities although a big public sector plant like BHEL producing heavy electrical equipments exists within their stone-throw distance.

Except villages like Karhod Kalan, Lamba Kheda, etc., which are connected by good roads to Bhopal; rest of the villages do not have a significant number of high school-going children. As such, the weaker sections of society seem to be totally neglected in the sphere of education. People feel themselves neglected because of the importance given to Bhopal city. They feel that loss in their cultivable land has taken place due to the location of BHEL factory and township. The amount of compensation paid to these villagers was so low that hardly they could afford to develop cultivable waste land or purchase land in nearby villages. A very few persons could manage to get jobs in BHEL as unskilled workers. According to the villagers most of the jobs in BHEL unit went to outsiders from Punjab, UP and southern states.

To examine the truthfulness of statements made by respondents in the selected villages, a survey of statewide origin of workers in the oldest Block of BHEL factory, *i.e.*, Block-IV which manufactures switchgear, control gear, etc., was done. It was found that the accusation of villagers about the dominance of outsiders in all categories of jobs in the factory is not true. Starting from the post of executives to clerical staff and semi-skilled and unskilled categories of workers, everywhere in Block-IV, the workers from MP are dominating others. Considering the strength of unit in Bhopal with requirements of semi-skilled and unskilled workers, the percentage of jobs acquired by the people of MP is not unjustified as the findings of the survey of Block-IV in the factory's workshop indicate. Nevertheless, one cannot belittle the amount of damage done to the regional economy of Bhopal's

surrounding villages due to the establishment of BHEL factory and the increasing industrialisation and urbanisation of Bhopal city.

#### CONCLUSION

The overall impact of a public sector unit like BHEL on its regional economy is positive, although the failure in adopting right strategies and policies to remove the 'back-wash effect' of industrialisation and urbanisation in rural areas by the State Government has created some frustration among its rural population. This damage done to the rural economy can be compensated by commercialisation of agriculture in rural areas and also by creating job security among the workers in small scale units in Bhopal region. □

# *Leadership Pattern in Municipal Government: A Study of Kalyan Municipal Council in Thane District\**

D.M. MULEY

LOCAL GOVERNMENT constitutes an important and essential ingredient of democratic set-up. They are used as an instrument of civic-self education. In the field of urban local administration, Municipal administration has been the core of the area. In developing countries like India, there is an alarming increase in the population of big cities. This gives rise to various problems, *e.g.*, scarcity of supply of civic amenities and lack of proper planning create problems in an urban area. There are some problems which are inherent in an urban area but there are some other problems which arise due to defective civic planning. The process of urbanization also involves social and economic transformation of people which poses another major problem for urban area. Larger size and complex character of urban agglomerate lead to more varied and numerous character of people with government. For most of the civic amenities and activities urban people depend upon local government of town or city. Political and organizational background of leaders of urban local governments contribute in large measures to their effectiveness or otherwise. Therefore, it is necessary to analyse the record of these leaders in social, economic, political and educational fields. The present study is an attempt to examine the leadership pattern of Kalyan Municipal Council in Thane District. The study has tried to demonstrate features of urban politics. Firstly, the socio-economic educational background of local leaders and secondly, the leadership qualities, capabilities of local leaders and their awareness of the civic problems have been analysed.

## *Scope and Methodology*

The scope of this work is particularly limited to the study of leadership pattern of one Municipal Council. The main points to

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be examined are: (a) The socio-economic background of local leaders, (b) and the awareness of the civic problems on the part of leaders. It is an empirical study based on the survey method. A structured questionnaire was prepared and served to the Municipal Councillors to get their personal profile and views on municipal problems. Recently the Kalyan Municipal Council has changed into Corporation and is working under Administrator. Therefore, it was difficult task to contact the ex-councillors and get their views. It was provisionally decided to take interviews of all Councillors, who were Councillors right from the first popular election of the Council in 1953. Therefore, the same was chosen as under (Table 1):

TABLE 1 NUMBER OF SAMPLE COUNCILLORS AND THE ACTUAL RESPONSE

Years	Sample	
	Total No. of Councillors/ Respondents	Actual Response (per cent)
1953	30	14
1957	30	17
1962	30	12
1967	34	12
1974	44	15
TOTAL	168	70 41.67

The actual response remained only 41.67 per cent (i.e., only 70 Councillors were interviewed) because of various reasons, many of them have died, migrated and most of them could not meet even after visiting their residence 2 to 3 times. Some of the Councillors have either refused to give interviews or did not show any interest. But I think it is an adequate response to get the picture of leadership pattern in Kalyan city. It is possible from the above response to draw a line of trend in leadership.

#### *Urbanization Process*

"Urbanisation is the process of becoming urban, moving to cities, changing from agriculture to other pursuits common to cities and corresponding change in behaviour pattern."<sup>1</sup>

Broadly speaking, the concept of urbanization is referred to: (i) the growth of towns, cities, and metropolis in their local, functional and sociological matrices representing the various kinds of settlement

<sup>1</sup>Mitchell J. Clyde, "Urbanisation and Stabilisation in Southern African"—Report of the International African Institute, London, cited in Apurba Kumar, *Urban Local Administration*, New Delhi, B.R. Publishing, 1986, p 1.

patterns and secondly, the growth of socio-economic-cultural systems or the development of an urbanising society. (There are many interpretations of the term urbanization. There has been a change in the concept of urbanization from a form to process and from process to an instrument of change). Broadly speaking, there are three characteristics to adjudge the degree of urbanisation in any given society, i.e., size, density and heterogeneity of its population.<sup>2</sup> However, recently the urbanization is considered as a way of life than the number, size and heterogeneity. It is explained with the help of economic consideration, cultural characteristics, life style, stage and residential instability.

In India cities and urban population have grown faster in the 20th century. There are various factors which have influenced urban growth in India, e.g., the establishment of cantonments and garrisons during the colonial period. The development of colonial trade, the development of transport infrastructure change in the administrative boundaries of talukas and districts, the introduction of educational institutions and medical facilities and lastly industrialisation, etc., stimulated the growth of urbanisation in India. Regarding the definition of an urban areas, it is found that many changes have been introduced after 1961 to make the definition more satisfying from the statistical point of view. The 1971 Census has introduced a new concept of standard urban areas (SUA) on the lines of Standard Metropolitan Statistical areas. Maharashtra is the most urbanised state in India with 31.2 per cent of population in urban sector. The State also accounts for about 20 per cent of the registered factories and factory employment in India. However, the distribution of urban population and economic activities is uneven. According to the census definition (1981) there are 16 urban agglomerations in Maharashtra. The Kalyan (including 4 towns) is one of them. The Thane and Kalyan agglomerations are on the main Railway Line linked to Bombay. Maharashtra has continued to remain the most urbanised state in the country. The comparative growth data for Maharashtra can be observed in Table 2.

The cities in Maharashtra are found to be growing in the 1971-81 period at a faster rate than the growth rate of the rural population. Fiftyfour per cent of the cities (13 out of 24) are growing at a rate above that of the total rural growth rate but below that of total urban population growth rate and 21 per cent (5 out of 24) are growing at a rate higher than that of the total urban population growth rate. Cities with a population between a lakh and a million have been found to be growing much faster than the average rate of growth for class I cities.<sup>3</sup>

<sup>2</sup>With Louis, "Urbanisation as a Way of Life", *American Journal of Society*, Vol. 44, July 1986, p. 18 cited Apurba, *op. cit.*, p. 4.

<sup>3</sup>H.D. Kopardekar, *Social Aspects of Urban Development*, Popular, 1986, pp. 363-65.

TABLE 2 CHANGING NATURE OF TOWNS AND PERCENTAGE OF POPULATION SHARE IN VARIOUS SIZE CLASSES IN MAHARASHTRA

Class	Population	1961	1971	1981	Percentage in 1981
I A	10,00,000 +	—	1	3	48.5
I B	3,00,000 to 9,99,999	1	3	1	2.3
I C	1,00,000 to 2,99,999	2	13	25	20.7
II	50,000 to 99,999	2	25	25	7.8
III	20,000 to 49,999	13	65	89	11.9
IV	10,000 to 19,999	60	98	100	6.7
V	5,000 to 9,999	166	70	48	1.8
VI	below 4,999	25	14	16	0.2

SOURCE : Task Force on Urbanisation in Maharashtra.

*Changing Nature of Municipal Government*

The growth of rich agglomeration creates several problems of over concentration of population, problems of planning coordination and development of civic amenities. Urbanisation requires a healthy growth of local administration. But it is made difficult by the explosive problems of urban areas. Now-a-days number of problems and difficulties are faced by the local government. Lack of people's participation is one of the major problems of urbanisation. Inadequacy of resources and finances is another major problem faced by the Municipal Governments. Urbanisation leads to social problems which affect mutual relationship among the people.<sup>4</sup> The nature of urban problems specially in urban agglomeration rests on how much migration is made and by which section of the population. The main problem of urbanisation in India is that there is no inter-dependence between the process of urbanisation and regional development. The urban authorities are confronted with the challenges of restricting the haphazard urban growth and to make available extra facilities to the growing of urban population. Urban local bodies are beset with problems and crises. The most serious among them is crisis of leadership.<sup>5</sup> Unfortunately, it is to be admitted that in a number of cases the city fathers have not come up to the mark. Most Municipal Administrators are not properly equipped to meet the challenges of the modern society.<sup>6</sup> It is not merely a problem of lack of appreciation on the part of Councillors/Local Administrators, but the attitude and tendency of State Governments towards the Municipal Authorities also badly affects the working of Municipal

<sup>4</sup>Apurba, *op. cit.*<sup>5</sup>S. K. Sharma and V. N. Chawla, *Municipal Administration in India: Some Reflections*, Jullandar, International Book Agency, 1975, p. 439.<sup>6</sup>Special, Number on "Urbanisation and Urban Development", *Indian Journal of Public Administration*, July-Sept., 1968.

Governments. It is the temptation of the State Government to supersede the Municipal Council at the slightest pretext and their reluctance to hold elections to re-constitute the Council presumably because the parties in power do not want rival centres of influence and patronage to grow at their expenses.<sup>7</sup> The local political system at the urban level in most parts of the country suffered from skewed power structure and lack of public spirit. Studies of municipal bodies demonstrate that the urban local authorities are exploited by the political actors for their own advantage. The diversity of interest among various social groups helps greater political competition in urban areas and the role of political party also become relatively more active than in the villages.<sup>8</sup> The performance of urban local bodies depends on the pattern of urban politics, the social forces that dominate the city, the degree of political responsibility among civic leaders, their cultural values and political interests. The civic leaders among the political system are unable to respond to the challenge of improving municipal performance which is a fundamental problems.<sup>9</sup>

#### KALYAN MUNICIPAL COUNCIL

Kalyan is a historical city. It has its historical roots in the ancient history of India. It was an important trade and military centre in the 11th-12th Century. During the Maratha regime, it was developed as an important commercial centre and a port. In 1780 the Kalyan city was conquered by the British East India Company and till 1827, it was a big military cantonment of the British. In 1854 the Kalyan city was joined to Bombay through Railway line. After the electrification of railway line in 1925, the city has started developing simultaneously with the Bombay region.

Thane district has largest number of towns (24) in Maharashtra and Kalyan (Agglomeration) comes second in the rank after Thane. The density of urban population in Thane district is 4063. The big cities in the second category are generally following the foot steps of the biggest one in the first category. Kalyan—Dombivli—Ulhasnagar—Ambernath is a new urban agglomeration on the door steps of Bombay. Kalyan formerly a commercial and railway town, is now changing because of its nearness to Bombay and the rapid industrial growth and developing surroundings. Kalyan was only a small urban centre in the forties and fifties. With the growing excessive industrial concentration in the city of Bombay the rapid industrial growth also took place in

<sup>7</sup>The Mayor (Newsletter), 'Supersession', Vol X, No. 1, January. 1983, cited Apurba, *op. cit.*, p. 18.

<sup>8</sup>Asraf Ali, *Government and Politics of Big Cities: An Indian Case Study*, Concept, 1981, p. 9.

<sup>9</sup>*Ibid.*

Kalyan area. The population growth rate in Kalyan city can be observed from Table 3.

TABLE 3 POPULATION GROWTH RATE IN KALYAN CITY

<i>Years</i>	<i>Population</i>	<i>Changing proportion in per cent</i>
1901	10,749	—
1921	12,600	17.22
1931	17,829	41.50
1941	31,336	19.27
1951	1,69,365	440.14
1961	2,47,250	45.19
1971	3,96,384	60.32

The table indicates that from 1951 onwards the population of Kalyan city is gradually increasing. Rapid industrialisation and establishment of refugee town (*viz.* : Ulhasnagar) and the nearness of Bombay are some of the reasons for fast growing population of the city.

The total area available with the Kalyan city and with the agglomeration is respectively 764 hectares and 4,110 hectares. The density of population in Kalyan city is 234 and it varied in the other centres of the agglomeration. Ulhasnagar is highly populated area than Kalyan and other centres.

Kalyan, like Bombay, is developing as a metropolitan city. About 40 per cent population in Kalyan is migrated from different parts of the state and country. The socio-economic structure of the city is therefore rapidly changing. Kalyan Municipal Council was established in 1855. Up to 1884 all the Councillors were nominated by the government. The first election was held in 1884 and half of the Council members were elected in the Council. The Kalyan Citizen Council has become full-fledged Municipal Council after independence and first popularly elected Council came in power in 1953. In 1983 Kalyan Municipal Council was changed into a Corporation, including Dombivli and Ambernath Municipal Councils and several other village Panchayats in the adjoining areas.

#### *Leadership Pattern*

Political and socio-economic background of leaders of urban local governments in large and medium size cities contribute in large measures to their effectiveness or otherwise. Their experience of operating representative in urban local government, their socio-economic and educational background are taken into consideration for the study of quality of leadership.

A local authority has many factors which play their role within it. A group of councillors are one of them. They join local authority through elections. The Councillor is socialised by his experience. He brings to the local authority experience of other organisations. The age group of the Councillors, therefore, matters for the council. Table 4 shows the age composition of the Councillors in KMC right from 1953 to 1974.

TABLE 4 AGE COMPOSITION OF THE COUNCILLORS

Years	Age							
	25 to 35		35 to 45		45 above		Total	
	Respondent	Per cent	Respondent	Per cent	Respondent	Per cent	Respondent	Per cent
1953	7	50	5	35.7	2	14.2	14	100
1957	7	41.1	6	35.2	4	23.5	17	100
1962	6	50	3	25	3	25	12	100
1967	5	41.6	4	33.3	3	25	12	100
1974	8	53.3	4	26.6	3	20	15	100
TOTAL	33	47.1	22	31.4	15	21.4	70	100

Table 4 indicates that the average age of the Councillors right from 1953 to 1974 is 30, because for the 3 terms the 50 per cent of the Councillors are in the younger group. In comparison with the previous four elections, the 1974 Council is younger. It has also been found that in 1974 elections the 'Shiv Sena' has established its roots in the city and therefore the number of young Councillors has increased. The middle age and higher age group in the Council are also not negligible. They have been successful in maintaining their one-fourth seats in the Council. Here it is to be noted that 58 per cent Councillors have responded the questionnaire. Therefore, it will be an exaggeration to say that the council has remained always young. Interestingly, it is to be noted that 23 people are elected in the Council more than two times. Thus the age composition of the KMC is mixed in nature.

Table 5 indicates the occupational composition of the Councillors. While analysing Table 5 it becomes clear that the business community is gradually increasing in the Council, except in 1962 (it has come down to 33.3). It was highest in 1957 and 50 per cent in 1967. It is a result of rapid industrialisation and commercialisation of the city. Naturally the representation of agricultural community has come down up to 6.6 only.

TABLE 5 OCCUPATIONAL DISTRIBUTION

Years	Occupation										Total
	Agri- culture	Per cent	Busi- ness	Per cent	Pleader	Per cent	Service	Per cent	Social work	Per cent	
1953	3	21.4	6	42.8	2	14.2	1	7.1	2	14.2	14
1957	2	11.7	9	52.9	2	11.7	2	11.7	2	11.7	17
1962	2	16.6	4	33.3	2	16.6	2	16.6	2	17	12
1967	1	8.3	6	50	3	25	1	8.3	1	8.3	12
1974	1	6.6	6	40	3	20	2	13.3	3	20	15
TOTAL	9	12.8	31	44.2	12	17.1	8	11.4	10	14.2	70

Interestingly it is to be noted that the middle class and social workers have maintained their representation in the Council throughout the period. It is also a result of expansion of middle class colonies and slum dwellers in the city.

From Table 6, the educational level of the Councillors, can be observed :

TABLE 6 EDUCATIONAL LEVEL

Years	Education								Total
	Illiterate or Primary	Per cent	Vth to VII	Per cent	Matric or Inter	Per cent	Graduate or above	Per cent	
1953	5	35.7	3	21.4	4	28.5	2	14.2	14
1957	4	23.5	5	29.4	5	29.4	3	17.6	17
1962	2	16.6	2	16.6	5	41.6	3	25.0	12
1967	2	16.6	2	16.6	5	41.6	3	25.0	12
1974	1	6.6	3	20.0	6	40.0	5	33.3	15
TOTAL	14	20.0	15	21.4	25	35.7	16	22.8	70

As the city is becoming highly urbanised the educational level of the municipal leaders is also gradually increasing. There were about 35.75 per cent illiterate or primary educated Councillors in KMC in 1953. The percentage has come down up to 6.6 only. But it is also to be noted that the percentage of graduate Councillors has not increased much. Secondary educated people have always dominated the scene in the Council. As the number of younger councillors has increased in 1974 the educational level has also increased.

The Municipal Council being a policy-making body for the city must have an impact of the economic status of the Councillors on the

policy. Therefore it is desirable to have a look at the economic status of the local leaders. Table 7 indicates the income level of the Councillors in the city.

TABLE 7 INCOME LEVEL OF THE COUNCILLORS

Years	Income Level							
	High more than 10,000	Per cent	Middle between 5000 to 10,000	Per cent	Lower Below 5,000	Per cent	Total	Per cent
1953	3	21.4	6	42.8	5	35.7	14	100
1957	5	29.4	6	35.2	6	35.2	17	100
1962	6	50.0	4	33.3	2	16.6	12	100
1967	6	50.0	4	33.3	2	16.6	12	100
1974	7	46.6	5	33.3	3	20.0	15	100
TOTAL	27	38.5	25	35.7	18	25.7	70	100

It is clear from Table 7 that the higher income group is dominating the political scene in the Council. The economic status of the Councillors can be related to their occupational status. As soon as the business community representation is increased the politics of the Council is also gradually dominated by the richer. But this type of co-relation can not be established within the educational level and income level of the local leaders. It can be said, therefore, that the higher level of education has no positive relation to the income level. The middle class income group has maintained its representation in the Council because of expansion of their colonies. The lower income group is deprived of its representation on the Council. This is also an impact of increase of cost of contesting the elections.

Regarding the social status of the local leaders only two aspects have been considered for analysis, firstly, the caste composition and secondly, the mother tongue of the Councillors. From Tables 8 and 9 respectively these two aspects can be observed.

Though the higher caste group is gradually decreasing in number but it has not lost its impact on the Council. The Kalyan city has a considerable population of Muslim community and naturally the Muslim representation has maintained its position in the Council though there are slight ups and downs in the percentage of muslim representation. The population figure of SC/ST population in Kalyan city is not available otherwise it would have been very interesting to see how much this population is represented in the Council. The SC members in the

TABLE 8 CASTE COMPOSITION OF THE COUNCILLORS

Years	Caste										Total
	So called- higher caste (Brahmin CKP ETC)	Per cent	Maratha	Per cent	SC/ST	per cent	Muslim	Per cent	Others	Per cent	
1953	5	35.7	2	14.2	—	—	5	35.7	2	14.2	14
1957	5	29.4	3	17.6	1	5.8	5	29.4	3	17.6	17
1962	3	25.0	3	25.0	1	8.3	3	25.0	2	16.6	12
1967	3	25.0	3	25.0	1	8.3	3	25.0	2	16.6	12
1974	5	33.3	4	26.6	1	6.6	3	20.0	2	13.3	15
TOTAL	21	30.0	15	21.4	4	5.7	19	27.1	11	15.7	70

TABLE 9 MOTHER TONGUE OF THE COUNCILLORS

Years	Mother Tongue										Total	Per cent
	Marathi	Per cent	Hindi	Per cent	Urdu	Per cent	Konkani	Per cent	Gujrathi	Per cent		
1953	6	42.8	1	7.1	4	28.5	2	14.2	1	7.1	14	100
1957	6	35.2	2	11.7	5	29.4	2	11.7	2	11.7	17	100
1962	5	41.6	1	8.3	5	41.6	1	8.3	—	—	12	100
1967	5	41.6	1	8.3	4	33.3	2	16.6	—	—	12	100
1974	8	53.3	1	6.6	4	26.6	1	6.6	1	6.6	15	100
TOTAL	30	42.8	6	8.5	22	31.4	8	11.4	4	5.7	70	—

Council up to 1962 were co-opted members and not elected. The Maratha element in the Council is slowly increasing. It has been observed that the CKP and Muslims have always maintained their status in the Council.

Though the city is becoming cosmopolitan, still the Marathi speaking people have maintained their position in the Council. The Urdu speaking majority in the council is next to Marathi because of the considerable number of Muslim population in the city.

The actors in local authorities—whatever their role—share many assumptions about the working of local government. Assumptions about the necessity of professionalism, of public accountability and of law-abiding undertake the working at local authorities. The common settings and the roles found in all authorities depend upon

shared assumptions about the functioning of local government and to a degree shared beliefs and values sustaining those assumptions. It is partly achieved through training and partly by socialisation through shared working experience. And therefore nearly half of the councillors badly felt the need of training for councillors, to create common settings and roles for councillors, to professionalise them for effective working of the Council to create public accountability and law boundedness among them and specially to make them aware about their powers, functions and responsibilities. Most of the councillors have argued that there should be a short-term orientation training course for the newly elected Councillors. The need for training was necessarily expressed by the young Councillors. About 30-40 per cent (Table 10) Councillors denied the need of training for the Councillors. This may be a result of their long stay in the Council.

TABLE 10 NEED OF TRAININGS FOR COUNCILLORS

Response	Years									
	1953	Per cent	1957	Per cent	1962	Per cent	1967	Per cent	1974	Per cent
Yes	4	28.5	5	29.4	6	50.0	6	50.0	8	53.3
No.	6	42.8	8	47.0	4	33.3	4	33.3	5	33.3
Can't Say	4	28.5	4	23.5	2	16.6	2	16.6	2	13.3
TOTAL	14	100	17	100	12	100	12	100	15	100

The local authority is not a closed organisation. The local authority acts upon and is acted upon by its publics. It does not have one public but many. It faces publics that are differentiated by income level and by housing tenure, by social and economic class and by location. It faces publics of individuals, families, firms, institutions and voluntary bodies. The public has different forms of relationships with local bodies.<sup>10</sup> Here the electoral relationship is analysed in the following Tables 11 and 12 respectively. The electoral relationship has a practical impact on the individual councillor. The Councillor accepts to a great extent that elections create a continuing relationship between himself and his electors. He normally accepts the obligation to listen to their views or more often problems and within limits set by his own views and his own conception of his role to pursue them.<sup>11</sup> For this purpose the

<sup>10</sup>John Stewart, *Local Government—The Conditions of Local Choice*, Allan & Unwin, 1983, p. 121.

<sup>11</sup>K. Newton, *Second City Politics*, Oxford, 1976, p. 137.

Councillors have to keep continuous contact with the electorates in the ward. It has been found that mostly the Councillors (30 to 42%) consult with people through common meetings in the ward frequently. The percentage of this method has mostly been constant for all elections (Table 11). Personal meetings are also held for contacting the people. It is an equally important and effective method, according to the Councillors. Door to door contact method is found less effective and rarely used (between 10 to 14%). This method is useful and effective at the time of election only. Other methods like sabha, pamphlets religious/cultural functions are also used for this purpose.

TABLE 11 CONSULTATION WITH PEOPLE

Years	Methods								Total
	Personal meetings	Per cent	Common meetings	Per cent	Door to door contacts	Per cent	Any Other	Per cent	
1953	6	42.8	6	42.8	2	14.2	—	Zero	14
1957	7	41.1	7	41.1	2	11.7	1	5.8	17
1962	5	41.6	4	33.3	2	16.6	1	8.3	12
1967	5	41.6	5	41.6	1	8.3	1	8.3	12
1974	5	33.3	6	40.0	2	13.3	2	13.3	15
TOTAL	28	40.0	28	40.0	9	12.8	5	7.1	70

The electoral Councillor relationship is not realised without considering the problems of the people by the Councillors. The people have different types of complaints with them. Table 12 shows the nature of complaints made by the people with their Councillors.

TABLE 12 TYPES OF COMPLAINTS OF THE PEOPLE

Years	Types								Total
	Civic problems	Per cent	Personal Problems	Per cent	Political Problems	Per cent	Others	Per cent	
1953	6	42.8	6	42.8	2	14.2	—	—	14
1957	7	41.1	7	41.1	2	11.7	1	5.8	17
1962	5	41.6	4	33.3	2	16.6	1	8.3	12
1967	5	41.6	5	41.6	1	8.3	1	8.3	12
1974	5	33.3	6	40.0	2	13.3	2	13.3	15
TOTAL	28	40.0	28	40.0	9	12.8	5	7.1	70

People generally have civic problems. The Table indicates that more than 40 per cent of the people have civic problems. The civic problems are generally water supply, drainage, cleaning of roads, sanitation, etc. The people have also personal problems (average percentage is more than 40%) which are civic in nature, e.g., individual water connections, paying of property tax or local taxes, permission for construction and other purposes. People try to find out solutions to their problems through their ward Councillors and making personal complaints to them. The local electorates are least interested in the municipal politics. It is, therefore, found that though the Councillors are supported by a political parties, the people are least interested in party politics. They generally prefer the persons who are eligible to tackle their civic problems.

While analysing the major problems of Kalyan city, it has been found that the water supply has remained the major problem, but it was not acute in 1957. As the population of city has increased the problem of drinking water has become acute. Table 13 indicates this trend.

Table 13 shows that the KMC has successfully tackled the water supply problem after 1967. The drainage problem has become acute after 1962 because of the rapid increase in population and slums. In the same period the problem of unauthorised construction also became complicated. Very few Councillors expressed the need for town planning. Roads and sanitation, are the common problems of local authority. In the informal meetings of the Councillors it has been observed that the city badly needs Town Planning and removal of unauthorised constructions. But no one is prepared to come forward

TABLE 13 MAJOR PROBLEMS OF KALYAN CITY

Item	Year										Total
	1953	Per cent	1957	Per cent	1962	Per cent	1967	Per cent	1974	Per cent	
Water supply	3	21.4	3	17.6	4	33.3	3	25	3	20.0	17
Drainage	2	14.2	4	23.5	2	16.6	3	25	4	26.6	15
Roads	2	14.2	3	17.6	2	16.6	1	8.3	2	13.3	10
Sanitation	1	7.1	2	11.7	1	8.3	2	16.6	2	13.3	8
Town Planning	2	14.2	1	5.8	1	8.3	1	8.3	1	6.6	7
Electrification	4	28.5	3	17.6	1	8.3	—	—	1	6.6	9
Unauthorised construction	—	—	1	5.8	1	8.3	2	16.6	2	13.3	4
TOTAL	14	100	17	100	12	100	12	100	15	100	70

for this problem because every one's interests is engaged in not touching these problems.

Finally most of the Councillors (ranging between 25 to 67) are in favour of delegating maximum powers to the Council by the state government. It has also been expressed by the Councillors that the state should not interfere into the Council's functioning unless some thing is serious in the Council. Table 14 indicates this trends.

TABLE 14 DELEGATION OF POWERS

Item	Year										Total
	1953	Per cent	1957	Per cent	1962	Per cent	1967	Per cent	1974	Per cent	
Favour	4	28.5	5	29.4	5	41.6	7	58.3	10	66.6	31
Against	6	42.8	7	41.11	4	33.3	2	16.6	40	26.6	23
No response	4	28.5	5	29.4	3	25.0	3	25.0	1	6.6	16
TOTAL	14	100	12	100	12	100	12	100	15	100	70

The Councillors who are against the delegation of powers (ranging between 16 to 40%) are doubtful about the proper use of powers by the Council. One councillor has expressed his view that unless the councillors are properly trained in their job, they should not be allowed to use their powers.

#### CONCLUSION

The character of urban politics becomes evident when certain particular aspects are taken into account. The fundamental issue is who controls the local government and for what ends. Whether control over local government becomes either an end in itself or an end to political ends not necessarily related to civic improvement. The local government tends to operate within a framework as laid down by the factors as interest-orientation of leaders in control of local government and forces of strategic needs for such control. The interest orientation of dominant leaders on the basis of their levels of political participation and their scope for access to power are bound to assert and influence the decision-making process. These shape the character of local leadership. □

## Book Reviews

*Metropolitan Management : The Asian Experience*, K. C. SIVARAMAKRISHNAN AND LESLIE GREEN, New York, Oxford University Press for the Economic Development Institute of the World Bank, 1986, pp. xiv + 290.

The book arose out of a seminar on metropolitan management organised by the World Bank's Economic Development Institute in 1981 in Manila. The two authors combine the experiences of an administrator and a researcher. The first 90 pages of the book is devoted to a general analysis of metropolitan management in Thailand, India, Sri Lanka, Indonesia, Pakistan and Philippines as distilled from the eight case studies of metro-cities in these countries covering another 200 pages. The ultimate outcome, however, is disappointing. Part I of the book (general analysis) is only tenuously linked with the Part II (case studies) except for illustrative purposes. The hypotheses are not clear, nor is the data related to an overall framework of analysis. For analytical purposes it is Part I which would call for detailed comment.

The general proposition of the book is that there is a need for a purposive system of metropolitan management, in the absence of a viable metropolitan organisation, to generate data, undertake planning, and providing civic services on a area-wide scale; the consequential coordination tasks could be secured through capital budgeting by a metropolitan organisation on behalf of the provincial or state government.

This simplistic proposition has been reached through a series of homilies, cynical asides, contradictory statements and confusion of institutional goals. Even a cursory examination of the so-called metropolitan tasks identified in the book would show that these are few and mainly supra-municipal, not infra-State. This means that in terms of organisational development, priority of action lies in strengthening municipal institutions directly and dealing with the residual 'metropolitan' tasks selectively. In the developed countries with a strong tradition of municipal institutions, such 'metropolitan' tasks have been carried out successfully through inter-municipal agreement, or by special agencies. If the residuary 'metropolitan' tasks become dominant in the absence of a viable municipal system, then there would be

a tendency for a metropolitan management team to bypass the municipal authorities altogether, leading to all sorts of political and inter-institutional problems.

Secondly, the funding of metropolitan development must rest ultimately on local capabilities and aspirations; in their absence only *ad hoc* and sporadic doses of external financing could be assured from the higher governmental levels. Debt liquidation and upkeep of assets would necessarily go by default at the local level without direct municipal participation in the development process. No amount of international or sectoral lobbying for funds to support municipal development can succeed if the primary municipal institutions are anaemic and bankrupt. The need to revamp municipal finances is, therefore, a condition precedent to the successful launching of a 'metropolitan' development programme.

The conclusion that this scenario leads is that for a 'metropolitan' development programme to succeed it may be necessary to initiate a programme of strengthening municipal bodies through their direct participation in development, and deal with some of the critical area-wide problems only selectively at the higher levels of government. Sivaramakrishnan and Green, on the other hand, would like the 'metropolitan' cart to lead the municipal horses to beat the doomsday of a 'metropolitan' catastrophe.

—ABHIJIT DATTA

*Structure of Urban Poverty : The Case of Bombay Slums*, S.S. JHA, Bombay, Popular Prakasan, 1986, pp. 184, Rs. 125.00.

The title of the book is a misnomer; a correct title would be: "An Advocacy for the Bombay Slum Dwellers". The book is a polemical account of the travails of the pockets of despair in the boon city of the country. Given this orientation, it is surprising that the "field-study on the problems relating to relocation and improvement of slums in Bombay" was funded by the Indian Council of Social Science Research. Nowhere in the book one could get an overall account of the economic and social structure of the slum dwellers in the city, although some patchy data has been collected on the basis of an unscientific and impressionistic survey.

The book also purports to make judgments on public policy relating to official policy on slum clearance, improvement and redevelopment on the basis of somewhat superficial study of the working of the various urban legislations in these regards. Again, none of these legislations have been considered in depth with the result that their relative importance in 'solving' the slum problem have not been indicated. For

instance, the impact of the rent control law on slum perpetuation has not even been mentioned. The same selective approach is noticeable in the author's forays into the implementation of these legislations. While the author's empathy towards the slum dwellers is all too evident, what is missing is a demonstration of his ability to generate relevant data from the field which is either light-generating or fruit-bearing.

—ABHIJIT DATTA

*Municipal Personnel Administration*, ASOK MUKHOPADHYAY, New Delhi, Centre for Urban Studies, IIPA, 1985, pp. x+113, Rs. 80.00.

Efficient and effective personnel administration is a sine qua non for fulfilling the organisational objectives; more so in cases like municipal organisations who are entrusted with the onerous task of providing maximum number of urban services requiring day-to-day interaction with the citizen. Historically, municipal services in India were and in most cases continue to be "Separate Services". Unified municipal services were created since 1960's in the States like Uttar Pradesh, Madhya Pradesh, Maharashtra, etc., for a particular categories of employees in an endeavour to remove the disadvantages associated with "separate municipal cadre" system. This measure led to long-drawn debate about its relative merits and demerits and its impact on municipal administration. In the early 1970s, this was a fancy topic for seminars and conferences which threw up a number of issues. No endeavour was made to undertake an in-depth analysis of this issue based on empirical research.

Purely from the academic point of view also, this area of municipal administration never received its due recognition from the academic and research institutions.

The present study by Asok Mukhopadhyay perhaps is the first of its kind undertaken in this area to objectively evaluate "through concrete research" whether the "statewide caderisation is necessarily a superior staffing device than the separate personnel system...". He deserves applaud for breaking a new ground by venturing into a sensitive area which has some emotional overtones also became the protagonists of "separate personnel system" are yet to reconcile to the state wide caderisation of the services.

The scope of the study has been delineated distinctly and methodology evolved enabled rational and objective examination of the issues involved.

The four parameters adopted to study "the effectiveness of municipal personnel administration were comprehensive enough to draw meaningful conclusions and recommend policy options for future. However, one

important aspect, *i.e.*, the relationship between the state cadre personnel and separate cadre personnel within a local body could have been looked into. Quite often one hears of the tensions between those two categories with the latter group yielding significant local, political and other influences frustrating the efforts of the former to tone up the administration.

Validity or otherwise of this contention will have important policy implications. Instead of making a passing reference to this facet, had it been taken as one of the indicators, Mukhopadhyay's research would have enhanced better understanding of the dynamics of personnel management at local government level.

The study is a welcome addition to the literature on municipal administration and has opened new vistas of research for the persons engaged in training and research in urban government. It is hoped that the inferences that he has drawn will receive earnest attention of the various State Governments.

—K. SREERAM

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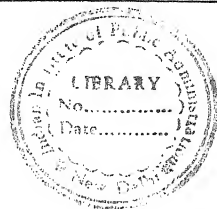
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## *Our Contributors*

### Articles

MR. BALLABH PRASAD ACHARYA is an Architect Planner and McNamara Fellow of the World Bank presently working as research scholar at the Human Settlements Development Division, Asian Institute of Technology, Bangkok.

DR. RICHARD BATLEY is working at the Institute of Local Government Studies, University of Birmingham, England.

SHRI H.U. BIJLANI, a former Chairman and Managing Director, Housing and Urban Development Corporation is presently a consultant to international bodies like the United Nations, the World Bank and the Asian Development Bank.

PROF. ABHIJIT DATTA is Professor of Urban Administration and Development and Municipal Finance, Centre for Urban Studies, Indian Institute of Public Administration, New Delhi.

DR. V. GNANESHWAR is Research officer, Regional Centre for Urban and Environmental Studies, Osmania University, Hyderabad.

PROF. GIRISH K. MISRA is Professor of Urban Studies, Centre for Urban Studies, Indian Institute of Public Administration, New Delhi.

SHRI L.N.P. MOHANTY is Lecturer in Political Science, Bhubaneswar.

SHRI D. RAVINDRA PRASAD is Director, Regional Centre for Urban and Environmental Studies, Osmania University, Hyderabad.

### Book Reviews

✓ DR. GANGADHAR JHA is Lecturer in Urban Studies, Centre for Urban Studies, Indian Institute of Public Administration, New Delhi.

✓ PROF. KAMTA PRASAD is Professor, Centre for Rural Studies, Indian Institute of Public Administration, New Delhi.

## *Draft National Housing Policy: A Book of Fairy Tales*

H.U. BIJLANI

EARLIER THIS year (1987), I was called upon by the All India Radio to monitor a discussion on 'Housing' in its national hook-up. An announcement about release of a draft on National Housing Policy had just been made and I took this opportunity to congratulate the Secretary, Ministry of Urban Development (Mr. Sukhtankar), who had only recently taken over, for having brought out this document. The Government took nearly forty years after Independence to bring out this draft. Till then both in national and international meets, the answer used to be in negative if any one asked if India had any National Housing Policy. More knowledgeable used to add that the policy was defined in our Five-Year Plans which used to enunciate the stress the Government laid on it formulated policies and programmes in the field of Housing.

My innocuous act of congratulating the Secretary, Urban Development resulted in a large number of queries that I received after the discussion on Housing was broadcast on the national hook-up. These were largely in the nature of soliciting information on availability of the document and its contents. For availability, I directed the querists to the Ministry of Urban Development and, about contents, I expressed ignorance because till then, I too had not been able to lay my hands on the document. Soon I received a query from Professor Bahri, as one of the panelists on the discussions as well as Dean, Head and Professor, Housing in the Delhi School of Planning and Architecture, to come and address the School on the Draft National Housing Policy brought out by the Ministry of Urban Development.

My foremost endeavour now was to procure a copy of the document and by virtue of my past associations with the Ministry of Urban Development, I thought that getting a copy of the document should pose no serious problem. But I had misjudged. I thought that my ideas of "Abrupt, all-or-nothing, ego-crushing" retirement from public service were exaggerated and imaginary. But my quest for this well-intentioned,

well-publicised and 'un-priced' document established that it would perhaps be easier to get some classified information by some unscrupulous person than getting this priceless document by a practising consultant in the field of Housing, Urban Development and Municipal Affairs who had spent almost a life time in this field. Nevertheless I got it—almost snatched it from the hands of my good friend, an ex-Director, national Institute of Urban Affairs—with unfulfilled promises of suitably rewarding him for parting with such a precious document.

But, I guess that is where the preciousness of the document evaporated. I went through its twenty paragraphs including the Preamble, the Objectives and the Methodology—over and over again. I noted that the document towards the end referred to suggestions received from eleven departments of housing, five Union Ministries, an equal number of other government organisations and fourteen non-government organisations, experts of sorts and others. I cannot say in what context all these gentlemen were consulted and what all suggestions they offered. In any case, for lack of information I do not propose to question their contribution. Nonetheless, one thing is clear and that is not even a fraction of housing departments, development authorities, city governments and other concerned government and non-government departments in the country were associated in developing this draft document labelled as National Housing Policy! What is worst—even the well-known documents and publications brought out on the subject by international organisations such as United Nations' Centre for Human Settlements for framing action programmes have not been followed.

While speaking to the students and faculty at the Delhi School of Planning and Architecture, I raised what I reckon as the basic question: What is expected of a government policy on any subject? Any 'policy', in my view, to be useful, should lead to a "course of action adopted by the government within a given time frame and through existing or identified institutions". This is essentially the point that the National Housing Policy draft assiduously avoids but nonetheless repeats the well-known, pious, acceptable statements in the field of housing 'Legislation', 'Land', 'Finance', etc. Instead of spelling out any course of action, the quantum of housing it proposes within the proposed time and institutional framework, the draft draws upon the recommendations listed by various seminars on variety of subjects connected with housing; it then summarises the popular, age-old and well-known recommendations in various programmes. The most familiar are those on law, land, housing finance, building materials and non-governmental organisations (NGOs), because these were the familiar subjects on which I had the privilege to arrange earlier seminars and brought out the recommendations. One expects further advance in thinking and action since: perhaps, a more useful purpose would have been achieved by funding

a study to bring out the state of art as it exists today in culling and compiling all relevant recommendations both in national and international fields on the subject of housing. Such a simple study would have produced a better comprehensive document, *i.e.*, in case the National Housing Policy is supposed to mean basically a compendium of such recommendations. Did we spend forty years after Independence only on collecting such recommendations and dubbing it as a National Housing Policy? An overzealous but well meaning yet not sufficiently experienced official, it seems, in an endeavour to steal a march over his colleagues has brought out this book of myths. And has titled it as 'Draft National Housing Policy'. This could be called a book of ninety-one myths! Ninety-one, because the 20 paragraphs have a total of ninety-one sub-paras—and each one is a myth. These are myths because each one has a 'moral' but each one, as stated, is unattainable. But, unless the government defines how, to what extent and through what financial, fiscal, managerial, institutional, administrative arrangement and specified time frame it proposes to achieve, it is difficult to take them more than a set of platitudes. Since, neither the philosophers who wrote the Draft National Housing Policy, nor those who are steering it through can do so, the Draft is in a great danger of being regarded as a book of fairy tales—to be read out to children sitting in chimney corners during long winter nights. As far as its achievement of national goals is concerned, it reminds me of those men of Gotham:

Three Wise Men of Gotham  
Went to sea in a bowl.  
If the bowl had been stronger  
My tale would be longer.

Recently a 'National Campaign for Housing Rights' has come out with a strong and scathing criticism of the government's Draft National Housing Policy. In its May 1987 circulation of critical comments it points out :

The government has brought out two different versions of the draft: one, dated January 1987 which has been made in limited quantities within the country and the second, during March 1987 and containing *substantial* changes. The second version, it is said, was circulated widely to the international community at the UN's Tenth (Commemorative) Commission for Human Settlements, held in Nairobi, Kenya, from 6-16 April, 1987. There is a significant difference in the second version specially with reference to 'Objectives' (Section 3), 'Priorities' (Section 4), 'Legislation' (Section 5 and 6), 'Housing Finance' (Section 7, then 8), 'Building Materials'

(Section 9, then 10), 'Informal Sector', 'Environment and Energy', 'NGO' and 'Monitoring and Evaluation' which has been totally omitted. Whereas the changes might be few and limited, the second version, it is reported, nowhere mentions that this is a 'revised version' of an earlier draft! The fundamental question then is: Can the Draft National Policy, which has been formally published and circulated, so substantially revised within two months—and before any public discussion? However, this can be appreciated and perhaps supported by some as a Public Relation Exercise for the International Year for Shelter for the Homeless (IYSH)—which happens to be the current year 1987.

Let us now examine the 'objectives' as defined in the Draft National Housing Policy published during January 1987. Every effort has been made to make the objective to fall in line within the major goal of IYSH-1987—which reads: "To urge nations to draw up strategies, policies and programmes for securing improvements in the shelter and neighbourhoods for all of their poor and disadvantaged by the year 2000".

Instead of drawing up such strategies and programmes and working out a "Course of action adopted by Government—within given time and through existing or identified institutions", the draft policy pronounces a vague wish, a pious statement—indeed a myth with a moral: "To *help* every family to own an affordable shelter by the year 2001 AD" (Emphasis added). Please note all the government proposes is only to *help* every family to own a dwelling—an indeterminate and undefined packet of affordable shelter by the year 2001 AD! There is no evidence of an exercise to work out: as to how many households/families are homeless; how many are the pavement dwellers? What sort of improved or affordable shelter and who are the beneficiaries finally by the year 2001 AD? In fact, such an exercise should be able to spell out specific programmes, financial requirements and fiscal measures, availability of serviced-land, management and administrative methods, institutions, etc. Yet these are very important things that are found conspicuous by their absence in the draft document.

The Government of India has already announced and set up a National Commission on Urbanisation. Though it has submitted an Interim Report, it has yet to submit its final report. Housing and shelter is very much included as part of its terms of reference. In fact, two of the three items the Urbanisation Commission has identified as priority items pertains to housing: one about the effect of Rent-Control laws on existing housing stock, the other about the after-effects of law of Urban Land Ceiling (Regulations)—ULCER on house building activity. Under the circumstances, is it feasible and practical to

bring out a National Housing Policy before even knowing what the National Urbanisation Policy is going to be like? Or, is it again a question of stealing a march over National Urbanisation Commission which, it is well known, was announced at the instance of no less an authority than the Prime Minister of India?

It is well known that bulk of our housing shortage is in rural areas; and notwithstanding the rate of urbanisation, majority of the homeless would be in rural areas; indeed root of the problem can only be dealt with and tackled in the larger overall context, it being intrinsic to the housing shortage that results as one of the inevitable consequence of the 'distress-migration' to our urban centres.

Out of the ninety-one sub-sections in the draft policy, except for throwing in the word 'rural areas' and 'rural poor' (in sub-paras 3.1 and 3.5) and making a general statement (in para 6.2) to re-design and strengthen the continuing of the existing scheme of "Rural House-Site-cum-Construction Assistance", there is no other word of solace—even mythical, for the majority of the poor living in rural India. Obviously the experts who have drafted this mythical document are not even aware how this existing scheme allotted 'non-existent' land to rural poor and to the luckier land was allotted in existing ravines, unbuildable depressions, ponds and pools where they could not even park a small boat, leave aside build a shack.

Likewise, para 16.2 of the draft policy discusses the latest mud-technology when the government has so far, failed to identify what exactly it has in mind while its attached public sector keeps harping about the centuries-old use of mud-wallings in rural housing through people conversant with the use of mud. Certainly this should be encouraged but remember this is not a Hi-Tech that is likely to usher in any real revolution in rural housing through use of mud. Has any one amongst these housing experts heard of Rahul Bansal who is breaking his head informing the whole developing world about a 'Gold Brick' made through Hi-Tech by one of the most advanced countries, namely the USA, wherein a moderately priced technology produces a mud-brick using only basic material—adobe and where no energy is wasted in baking, curing, etc. Through the pressure metamorphosis the mundane mud is converted in due course into a brick which is as good, if not better than a baked brick, in rural areas. What is more—it is claimed to be economical. This technology produces 600 high quality bricks in an hour and the machinery is capable of being transported easily from village to village. Has anyone worked out a strategy or a programme as to what revolution such a Hi-Tech machine could bring out if the technology is amalgamated with already-existing and partly successful programmes in rural housing in some of the southern states of India? But, then, working out detailed action programmes and bringing out

what exactly should be the national housing policy with pre-determined targets, financial and fiscal estimates, time schedules, administrative and management method (employed, existing or proposed) and institutions identified to achieve these goals is not the cup of tea that the authors of the Draft have in mind. Their goals is different: it is to achieve lime-light and proclaim before international bodies that during the year of IYSH, India has proclaimed its National Housing Policy—irrespective of the fact whether the document is a story of myths, a pocket book of pious platitudes—book of fairy tales. In fact, Aesop could be envious of this new book of Fables because like his famous fables these also convey a moral but that have more idle talk like legendary tales which are not capable of being pursued and implemented!

One could identify any number of drawbacks in the draft and make some suggestions, but this is precisely the quagmire to be avoided. Unfortunately, even some of the experts in the field of housing have fallen prey to this only because the draft, in a rather subtle manner, suggests that it is inviting comments/suggestions on the draft, and, that suggestions/comments relating to each chapter be made in separate sheets? In other words, it pre-supposes and pre-empt's that those who send comments are to fall in line with the basics that have been pronounced in the, first place—a draft which they feel qualifies to be termed as a National Housing Policy.

In all humility and with over three decades of experience in the subject and, having discussed the issues at the national and international groups, I have come to the conclusion that although the draft does contain statements with which one can have no quarrel; in fact, most of these have been drawn from conclusions of national and international seminars that cannot be refuted. Nevertheless a mere compilation of these does not and will not make a National Housing Policy for India or for that matter, for any country. Yes, the draft can be used as a model booklet of "Do's and Dont's"—to be circulated amongst the Housing Board officials and the like for guidance—specially for newcomers. But so far as a policy document, it must be scrapped, instead an action programme formulated which can steer the professionals, administrators and politicians towards the identified goal sufficiently specific and capable of being implemented in a prescribed time-frame.

Mr. Arcot Ramachandran, Executive Director, United Nations Centre for Human Settlements, Nairobi feels that faced with a continuously increasing shortage of housing for low-income families, "governments are placing their hopes on the adoption of comprehensive housing policies. Today, almost every national development plan reflects a stated intention of government to redress the deteriorating housing situation, particularly that facing the urban poor. Yet, well-thought-out policies often remain ineffective for several reasons.... Sufficient financial resour-

ces are not being mobilized because of competing demands for public investment, institutional arrangements often hamper the implementation process; expectations concerning people's participation through self help turn out to be unrealistic and project implementation suffers from the frequent transfers of essential personnel to and from different government departments". Setting broad objectives for shelter programme can be attempted only after the government is able to define the nature of the problem, its will and intention and the manner it wishes to adopt to tackle it, both in the short-run and the long. It should first be decided whether it is relatively a limited problem of coping up with the housing shortages or it is wider problem, that it is directly linking shelter of the poor to the problems and consequences of general poverty. Because, for the limited problem enunciated above, shelter is an end; whereas, for the larger problem of poverty, it is a means. Specially when the gap between sources and requirements is so large, *ad hoc*, vague, generalised statements cannot foot the bill and meet the situation that is getting worse. The government will have to identify political programmes, its commitments—explicit and implicit—that may form a vital input-support, as also to recognize the constraints for any programme to be meaningfully formulated. This can come only with political initiative and will, with full backing; it cannot simply flow out of a bureaucrats' finger-tips. Such political support and participation in form of high-level task forces, steering committees (or, by whatever name one calls them) will identify the political constraints and the policy issues will emerge. It would be essential to identify the target groups, their priority needs besides affordability in an appropriate context; it would require detailed assessment of resources, particularly of land, management, building materials, technology, finance, etc. Ultimately a complex exercise has to be undertaken by matching objectives with resources which could lead to the formulation of suitable strategies and specific programmes to be systematically implemented. Finally, as stressed by Carole Rakodi, for learning by doing, lessons must be collected and evaluated through a scientific process of monitoring and evaluation clearly identifying when should the programmes be revised, who should revise them and above all by keeping clear goal-statements before you which leave no room for fog and deception.

Clearly a viable National Housing Policy cannot emerge merely by inviting objections to the already announced draft housing policy, because it is way out from what it should be. To give an example, a National Housing Policy and programme has been worked out by a methodology and process somewhat akin to one described above by a country like Sri Lanka. Our problems admittedly are far more difficult and complicated, but in all fairness and frankness we have the capability, experience and expertise to formulate a viable workable policy that

can be made to work. The maglomaniacs and conceited amongst us, instead of looking at the success such countries have achieved, merely come up with negative criticism and lop-sided reasoning that Sri Lanka is such a small country—smaller than some of our individual states, therefore, that example is not worth a consideration. This is wrong and unreasonable. Of course, one could cite examples of larger countries too, from Latin America who have successfully worked out their national housing policies and programmes on principles outlined above. True, housing in India is a state subject, as such the National Housing Policy and programmes will have to encompass, consider and embrace each individual state and union territory. Successful examples from both, small and large countries, should be considered and studied. And whatever is useful or suitable may be kept in view while formulating our own programmes.

It is understood that the Government of India are keen to push through this defective draft of a policy-prescription during the ensuing monsoon session of the Parliament (1987). If that is passed, it would gravely impair the entire gamut of policy measures that are required so as to competently deal with the housing problem in our country. If we have waited and debated the issue for so long, almost four decades since Independence, it would do more harm than good to legalise an irrelevant half-baked document full of pious platitudes in haste. The draft in its present form certainly cannot be called a National Housing Policy of a country like India. □

## *National Housing Bank? Lessons from Brazil*

RICHARD BATLEY

IT IS not easy to compare developments in two such thoroughly different countries as India and Brazil. Even in the restricted area of housing policy, it is clear that different economic, political and social systems must give rise to different problems and possibilities. However, the opportunity for comparison is presented by current Indian interest in the model of the Brazilian national housing bank and by the interest in both countries in strengthening the role of municipal government. There is experience in both countries which allows some comment on the effectiveness of the institutions of housing bank and local government in meeting the needs of the lower income 30-50 per cent of the population who are largely excluded from existing housing programmes.

### THE BRAZILIAN NATIONAL HOUSING BANK

It is ironic that India should have shown growing interest, since the Task Force Reports<sup>1</sup> and the Seventh Plan, in a national housing bank at the same time that the Brazilian equivalent was under most severe criticism, leading in November 1986 to its abolition. The Brazilian bank (known as BNH) certainly suffered from the fact it was associated with the displaced military regime and it is important not to forget that it has major achievements to its credit as a second line financier of public and private housing and urban infrastructure, it mobilised huge resources, becoming since 1964 the second largest bank in the country and the core of a housing finance system which has produced around four million dwellings in its 20 years life. This finance was

<sup>1</sup>Planning Commission, Task Forces on Housing and Urban Development: (i) Planning of Urban Development, (ii) Financing of Urban Development, (iii) Management of Urban Development (iv) Shelter for the Urban Poor and Slum Improvement. Government of India. New Delhi. September. 1983.

raised almost wholly from private savings, both voluntary (through savings banks, etc.) and 'forced' (through unemployment insurance). One of its greatest achievements is that it created and linked a national network of local savings and loans institutions, in both the public and private sectors, which not only increases the flow of finance available for housing but also makes borrowing and repaying a relatively convenient matter.

It can well be argued that India needs such a system for resource mobilisation at least for private house building and purchase. In the absence of any significant line of credit, people without access to public housing depend on informal private borrowing at very high interest rates or the sale of personal assets. For those who do gain access, public housing in India can represent windfall gains resulting from low prices and relatively low interest rates; there is every temptation to realise the gain through discreet forms of sale.

However, the Brazilian experience suggests that while BNH did much to finance middle and upper class housing, it did little (both proportionately and absolutely) for its original major target group, the poor. For example, in the richest state, Sao Paulo (with 25 million population), between 1965 and 1983 on average only 12,700 dwellings were built per year by the low income housing agencies linked to BNH and of these a minute proportion went to the 50 per cent poorest families. Not only the costs of land and building but also the financial terms of the bank—the need for regular repayments at rates which increased with inflation—excluded the poor. Indeed it can be argued that the effect of the BNH's focus on higher income housing has been to worsen the situation of the poor by increasing property prices and contributing to an urban dynamic of demolition and rebuilding which leads to the continuous displacement of the less privileged. A housing policy centred on a bank quite naturally came to be permeated by banking principles in favour of low risk and high return.<sup>2</sup>

### *Alternative Roles for a Housing Bank*

Little has been published on the proposal for an Indian National Housing Bank (NHB). The Honourable Minister for Urban Development, Mrs. Mohsina Kidwai, has described its purpose to "develop innovative savings instruments and credit policies to make the institutional finance system accessible to low and middle income people".<sup>3</sup> There seems to be some expectation that the bank as an apex institution might be able to mobilise previously untapped small savings

<sup>2</sup>R.A. Batley, *Power Through Bureaucracy—Urban Political Analysis in Brazil*, Aldershot, Gower Publications, 1983.

<sup>3</sup>Proceedings of the International Workshop on 'Mobilisation of Informal Sector Savings', Society for Development Studies, New Delhi, December 8 and 12, 1986.

and streamline their allocation to housing programmes especially to benefit lower income groups.

Four sorts of possible role might be identified:

1. Direct lender—in which the NHB, initially on the basis of government funds, would lend directly to public and private house developers and purchasers.
2. Reserve bank—in which the NHB, subject to the Ministry of Finance, might aggregate the funds of all existing sources of housing finance (such as LIC, GIC, foreign aid, government bonds, etc.) and allocate them on a refinance basis to direct lenders of housing finance (such as HUDO and HDFC).
3. Promoter—in which the NHB would help to bring into existence loans institutions to finance housing.
4. Regulator—in which the NHB would exercise some control of the borrowing and lending practices and the interrelations between the institutions contained within its housing finance system.

The Brazilian housing bank began as a direct lender of housing finance gained from deposits by public institutions and from unemployment insurance, and then later successfully set up a national network of savings and loans institutions to mobilise private finance. In 1972, it withdrew to a reserve bank or refinancier role, guaranteeing and regulating the savings and loans institutions, cooperative and public housing agencies which were agents of housing finance system. Thus it moved from role (1) to role (3) and then to role (2) which it retained for 14 years until its demise in 1986.

I have no inside information on proposals for the NHB but my impression is that it is not intended to operate as a direct lender but to be charged with role (2) as a reserve bank/refinancier and then to develop a promotional role (3). A regulatory function would presumably accompany these roles.

#### *Commentary*

Taking as broad objective that the NHB should mobilise untapped savings and make them accessible to the mass of the population for housing development, I intend to question, partly by reference to the Brazilian experience whether such objectives are likely to be achieved.

Firstly, what is the value of the NHB's proposed reserve or refinancing role? It can be supposed that by aggregating the funds of existing housing finance institutions, they can be made mobile between agencies and programmes perhaps smoothing out the booms and slumps to which each organisation individually might be subject. Moreover, by

pooling their resources and acting as a central guarantor, the housing bank should increase capital liquidity (for lending) by freeing each individual institution from the need to carry enough reserve capital to cover its own lending. On the other hand, the housing bank, as refinancier, adds another layer of administration to that which already exists and is therefore likely to increase the overhead costs of credit. If Latin American experience (Brazil, Peru, Venezuela, Mexico) is anything to go by, most central housing finance institutions begin their life by housing themselves in palatial premises. Another likely outcome is that the centralisation of housing finance has the effect of centralising power over housing policy, rendering it less diverse and responsive to varied clienteles.

Secondly, is such a reserve bank, resting comfortably on its institutional deposits, likely to have sufficient impetus and flexibility to perform the difficult task of tapping small scale, private and perhaps informal sector savings? The present and past secretaries of the Ministry of Urban Development have described the need for a "network of local-level supported institutions" capable of responding to the "locale, type of people, culture and customs prevailing in the area of operations, failing which the instruments would not evoke much interest"<sup>4</sup> If the savings institutions to be engendered by NHB are to be effective in capturing small savings they will have to overcome a situation in which people "shy off from formal banking institutions due to time consuming procedures and fears and prefer a simple saving system in which they have easy access to their saving".<sup>5</sup> This is not to say the effort is not worth making to give small savers access to formal systems, but the difficulty of creating accessible and publicly acceptable institutions is a task not to be sneezed at. And is a reserve bank likely to take on such a task when it can so much more easily impose a conventional and uniform institutional pattern on its local agencies?

Thirdly and most crucially is the question, what happens to the small savings once deposited? What of the borrowers?

The fear must be that small savings drawn into an integrated housing finance system with the NHB at its centre would be: (a) swept out of the local into the national circuit, and (b) made available to bigger and safer borrowers (the rich and those in middle income formal employment).

What I mean by the 'local circuit' is the unknown but large amount of small savings which are kept in the form of jewellery, cash, land and other property or are temporarily loaned or transferred in remittances to

<sup>4</sup>Proceedings of the International Workshop, *op. cit.*, pp. 9 and 14.

<sup>5</sup>Sailendra Narain cited in *op. cit.*, p. 10.

kin; such assets can be readily cashed when need or opportunity arises. Their elevation from the local into a wider circuit governed by formal institutions raises the serious possibility that they, like all existing housing finance, are thereby put beyond the reach of the poor. Will new lending institutions be created, which operate at very local level, without complexities of allocation and tests of credit-worthiness, flexibly adjusting repayment to household income patterns, or will these newly mobilised savings be added to those of the same or similar housing agencies which have already failed to design programmes to reach the poor?

So my argument is of probability that:

- (i) A central reserve bank will add administrative costs and lengthier procedures and will lead to more centralised policy direction over existing housing institutions.
- (ii) A bank with ready access to guaranteed deposits will feel little sustained pressure to set up an effective network of local savings and loans institutions.
- (iii) If the bank is successful in mobilising small savings the effect is likely to be to distance from small borrowers.

The experience of the Brazilian housing bank is in some ways encouraging: it was successful in promoting a network of local financial and executive institutions. However, the bodies it set up were standard, formal public and private savings and loans associations banks; there was no particular adaptation to local requirements nor to the poor's savings patterns and needs. In Brazil perhaps there was less need for such local adaptation than in India's heterogeneous and multi-layered society. The most important criticisms that led to the BNH's fall, however, were that its financial control had led to centralised policy determination incapable of responding to the diversity of Brazil's housing need, and that it failed to channel its massive finances to the poorer half of the population. Can the Indian bank, facing even greater diversity and poverty, perform otherwise?

### *Decentralised Housing Policy*

New, more decentralised arrangements are emerging for the formulation, execution and financing of housing policy in Brazil. The abolition of BNH at the hub of the housing finance system has left the elaborate structure of savings institutions and housing agencies more autonomous and capable of being more locally responsive. It is likely that a much stronger role in the development of housing policies and programmes will be given to state and municipal governments. Some states, such as Sao Paulo have begun to develop their own municipal housing programmes and the Brazilian association of public housing

agencies (COHABS) has proposed that states and municipalities should be principally responsible for the development of housing policy.<sup>6</sup>

Brazilian housing policy is apparently moving away from an extreme centralisation on the bank. The direction of Indian policy is less clearly towards centralisation or decentralisation. Housing policy in India is formally made by the states and executed through their housing boards and development authorities, but these agencies have become increasingly subject to the policy requirements of their main financiers—the national Housing and Urban Development Corporation (HUDCO) and the World Bank. Such central influence has no doubt often been used positively, for example, to press the usually very conservative state housing boards to move away from the construction of high cost housing to lower cost site and service schemes. The establishment of an Indian housing bank is likely to imply the further centralisation of housing policy and, if it follows the model of the BNH, a source of pressure in favour of standardised, low risk and high return housing.

On the other hand, the declared policy of the Government of India appears to be to decentralise or shed direct responsibility for housing construction. There is recognition of the failure of present government sponsored housing (including site and service) schemes to reach the poor in terms of cost, the volume of production and the product. As in Brazil, attempts to hold down the cost of projects have principally had the effect of further subsidising the relatively higher income groups who in fact gain entry. Therefore, the national government, in the Seventh Plan, argues the case for public agencies to withdraw from direct provision of housing into a role of promoting the private sector and self help by providing credit, land and infrastructure. Could the Indian NHB be structured so as financially to support decentralisation rather than, as I have argued, centralisation?

Rather than acting as an apex to the apex organisations the NHB might have a lower key and more selective and supportive role. It would not seek to aggregate the funds of existing housing finance agencies but to act in a promotional role supporting the establishment of new local, public and private, savings and loans institutions; offering seed capital, sponsoring experimental and innovatory approaches and passing on the lessons of experience in new forms of financial management. It might also identify those public, private and voluntary executive agencies which are already meeting the housing needs of the poor but which need new lines of credit to strengthen their programmes.

Less talked about in India than Brazil is the potential of municipal government in the field of housing. Yet this is one of the few

<sup>6</sup>Proposta para Reformulacao da Politica e do Sistema Financeiro da Habitacao', *Documento Aprovado, No. 34, Encontro Nacional de COHABS*, Brasilia, 9-11 outubro 1984.

public institutions which has been successful in meeting the shelter needs of the poor half of the population. Although in both countries (and in most others) municipalities have been progressively stripped of functions, which have been passed to higher levels of government or to para-statal, one concern which they have commonly retained is for slums, squatter areas and semi-legal settlements. It is an inescapable concern because in most cities it involves 30-40 per cent of the population and local government is inevitably drawn into the recognition, improvement and, occasionally, clearance of slums; local government is also often implicated unofficially in the process of squatting itself.

This is how a large proportion of the poor resolve their housing problem, at the margin of legality and often with some connivance or support from municipal government. Perhaps it is precisely because they have not been implementing housing projects (with their emphasis on built structures) that the municipalities have often been successful in providing incremental improvements within the reach and in response to the demands of the poor. In their turn, land title and basic urban services provide conditions in which people have confidence to invest their own small savings in house construction. In terms of finance, this is a demand led strategy in which the stimulation of construction actually itself leads to the mobilisation of funds. Referring to our earlier argument this has the virtue of keeping small savings within the local circuit. This sort of strategy seems to be very much in tune with the Government of India's commitment to the promotion rather than provision of housing. Yet at present it depends largely on the very thinly spread resources of the national scheme for the environmental improvement of urban slums (EIUS) and on occasional allocations from municipal and service agency budgets.

The Indian Seventh Plan is committed to a strengthening of the role and organisation of municipal government. The NHB might be seen as an instrument for achieving this in the field of housing finance.

#### CONCLUSION

India no doubt needs an effective means of mobilising credit for private purchasers, house improvers, developers and public agencies. It may need a network of local savings and loans institutions to collect small savings and to facilitate the borrowing and repayment of loans. However, it is at least doubtful whether a national housing bank with a reserve bank function is capable also of taking on the entrepreneurial and innovative task of creating institutions which can reach the small saver. There is the risk that if it is successful, those small savings will be drawn into the circuit which finances housing for the better off and

stably employed. India should beware the establishment of a financial institution which acquires such power that it becomes policy maker. Those concerned with low income housing in Brazil are trying to escape that policy dominance. Both countries need to find more local, diverse and responsive ways of formulating, financing and implementing housing policy. □

# *Drama of Plot Reconstruction in India\**

BALLABH PRASAD ACHARYA

**M**AHARASHTRA IS considered to be the most progressive state in India having enacted the first planning law in the country, *i.e.*, the Bombay Town Planning Act of 1915, with provisions for the formulation of Town Planning Schemes (TPSs) through the technique of Plot Reconstitution (PR). With the bifurcation of the erstwhile Bombay Province into two separate states of Maharashtra and Gujarat in 1960, the planning laws in these states have differed in some respects, but the concept of TPS as a tool of guiding urban land development has always been emphasized in the planning legislations. A large number of TPS covering large tracts of land in many urban centres of these states have been formulated and implemented since 1915, and a rich amount of experience with the use of PR technique has been accumulated. Following this innovative means of urban land development and management, a number of other states also enacted planning laws having provisions for TPS and the use of PR technique. However, as far as the experience of Maharashtra and Gujarat is concerned, the TPS has been seriously criticized mainly for their inadequate cost recovery and long delays in processing a scheme.

This paper attempts to highlight the wider use of this technique in Maharashtra and Gujarat, and makes a critical assessment of the criticisms levied on the process and the working of the TPS. It also examines a number of other related issues with a view to assessing the potentiality and constraints in its use, and identifying critical areas where timely refinements would be desirable, but at the same time, it also provides a glimpse of other avenues for future directions. This assessment and

\*An earlier draft of this paper was presented at the "Regional Workshop on Managing Urban Land Development" organized jointly by the National Institute of Urban Affairs (New Delhi) and HSD Division, Asian Institute of Technology (Bangkok) held in New Delhi at the NIUA in April 1987. Appreciation is expressed for the financial support provided by the World Bank for the research study on 'Urban Management in India', from which this paper has been extracted.

critical evaluation of the use of PR technique is undertaken through two separate case study schemes in Pune (Yerwada TPS No. 1) and Ahmedabad (Odhav TPS No. 1), and it relies heavily on intensive interviews and informal discussions with planning and implementing officials in the State Town Planning Departments, Municipal Corporations, and the Development Authority in Ahmedabad. Significant inputs were obtained from faculty members attached to planning schools in New Delhi, Ahmedabad and Pune, and from some officials attached to government research institutes related to urban affairs in New Delhi. For the first time, this study also incorporates the opinions, suggestions and expectations of some of the landowners in the case study scheme areas through separate interviews, often with the help of interpreters to converse in local languages. The information obtained through field work in Ahmedabad and Pune, which took place from mid-September to early October 1986, was also to a great extent supplemented from secondary sources.

#### THE PROCESS AND UTILIZATION OF TOWN PLANNING SCHEMES

Marked by the first Improvement Trust in the country, established in Bombay in the year 1898, for the purpose of removing overcrowding and providing for the sanitary dwellings, Maharashtra is considered to be the most progressive state in India having also enacted the first planning legislation, *i.e.*, the Bombay Town Planning Act, 1915 dealing with local area planning, and there after followed by the Bombay Town Planning Act, 1954, and the Maharashtra Regional and Town Planning Act, 1966 (MRTPA) which has often been a model Act for the other states, too. In all these three enactments, greater emphasis has been laid on the procedural matters related to the preparation of TPS through the technique of PR.

The 1915 Act provided for the preparation of detailed TPS by the local authorities for urbanizing areas within their jurisdiction. The salient features of such schemes were: temporary pooling of all land in the scheme area by the local authority (LA) without acquiring, making development plans, developing the land by the construction of necessary roads, provision of services, and reconstitution of the original plots into regular sized building plots, and redistribution of the plots to the original landowners in reduced area in proportion to the land that has been acquired in the scheme for public purposes like roads and other community spaces. The landowners were levied betterment charges towards meeting the project costs at a maximum of 50 per cent of the increment in the land values due to scheme proposals. The excess amount of the scheme cost was to be borne by the authority. The landowners were entitled to a compensation for the lands acquired for public purposes.

The 1954 Act made it obligatory on every LA to prepare development plans for the entire area within their jurisdiction within a specified time. The MRTPA makes provision for the preparation of urban Development Plans as per the policies suggested in the Regional Plans prepared through Regional Planning Boards, and the TPS, in turn, will have to be formulated and executed by the respective local bodies as per the policies laid down under the Development Plan. The 1966 Act contains elaborate procedures for calculating the incremental contribution, but in general, there has been only little deviation in details for making TPS from the first Act of 1915 to the latest one in 1966. Under the previous acts, the TPS could be prepared only for open areas which were in the process of development, but according to the 1966 Act, even built-up areas could also be included for preparing TPS.

Gujarat continued to adopt the Bombay Town Planning Act, 1954 even after its separation from Maharashtra in 1960. The Gujarat Town Planning and Urban Development Act, 1976 (GTPUDA) was enacted with a view to consolidate and amend the law relating to the making and execution of development plans and town planning schemes. This current Act provides for the creation of special area development authorities or urban development authorities, and the preparation of development plans and their implementation by a number of TPS utilizing the technique of PR.

The process of initiating and formulating a TPS by urban local bodies have been specified under the respective acts. In general, the process requires the selection of the scheme area, consultation with the concerned landowners, temporary pooling of land, making physical surveys and preparation of the sub-division layout, making cost estimates of the proposed engineering works, evaluating land prices and making financial statements, preparation of scheme reports, hearing of public appeals, and approval of higher authority of the government to effectuate the scheme proposals. All valuation of plots and cost estimates are frozen on the date of declaration to prepare a scheme. The Town Planning Officer (TPO), an arbitrator, who enters the scene after a draft scheme is approved by the government to finalize the scheme, also fixes a time limit within which the LA is to complete all infrastructural works. The process of formulating a scheme requires government sanction at least twice (three times in Gujarat) and landowners are to be notified at least three times.

In Maharashtra, a TPS is prepared by a planning authority in two stages, at the end of which the scheme is submitted to the state government for sanction. The first stage relates to the preparation of a draft TPS. After obtaining the sanction for the draft scheme subject to the modifications made by the government, the arbitrator appointed by the government proceeds with the preparation of the final scheme. The final

scheme is ultimately submitted for sanction along with the decision of the arbitrator and the Tribunal of Appeal. The scheme comes into force after it receives the government sanction.

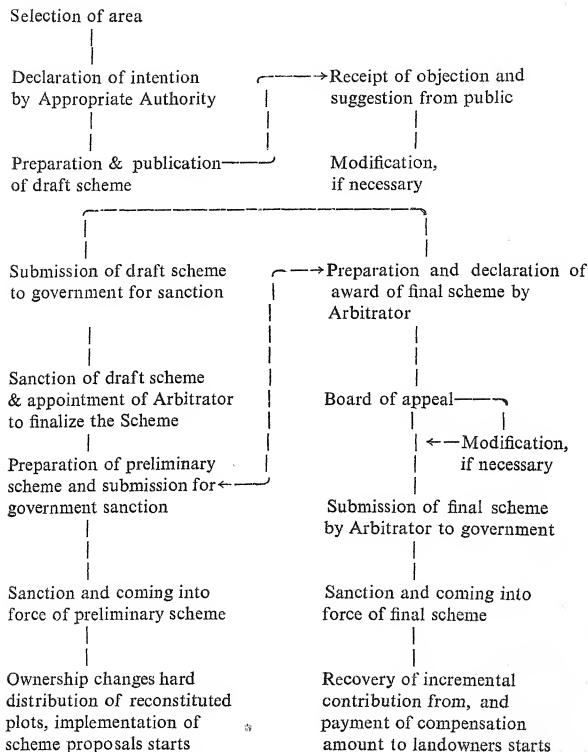
In Gujarat, a TPS is prepared in three stages (Draft, Preliminary and Final Schemes) as shown in the flow chart in Figure 1, at the end of which the scheme is submitted to the state government for sanction. After his appointment following the government approval to the draft scheme, the arbitrator prepares the preliminary and final schemes. The preliminary scheme is a technical layout plan showing proposed roads and land lots. In the final scheme, the valuation, increments and betterment contributions are finalized. The decision of TPO, with regard to objections arising out of preliminary scheme is final. Matters arising out of final scheme, are referred to a Board of Appeal and its decision is final. The modified preliminary and final schemes are submitted to the government for sanction. It can be observed that the processes of preparing a TPS in Maharashtra and Gujarat are similar. However, the Maharashtra Act does not provide for the subdivision of a TPS into preliminary and final schemes. Therefore, in contrast to the procedure laid down in Gujarat where the approval of the government is required at three different stages, in Maharashtra, the government approval is required only twice. Sometime limits are stipulated in the acts to complete the works at each stage in the process, but they can mostly be extended by the government from time to time.

The TPS have been in operation in Maharashtra and Gujarat for more than 70 years, *i.e.*, after the coming into force of the 1915 Act. The legislations provide for a means of land development which enables the public authorities to develop land without fully acquiring it by declaring an area as a TPS area. The principal idea is to take betterment tax for unearned increment in land values from private landowners due to the infrastructural provision by public authorities, and at the same time to regulate the urban expansion in a planned manner. The usefulness of this technique can be judged from the large areas covered under various TPS in these states (Table 1), but most of the TPS have been concentrated in the largest city and other larger urban centers, while the small and medium towns have made little use of it.

#### ANALYSIS OF TOWN PLANNING SCHEMES

The PR technique is a somewhat different approach of tackling problems of urbanization. The use of this approach in Gujarat and Maharashtra for more than seven decades through the formulation and implementation of a large number of TPS has been geared mostly towards the development of urban fringe areas. The continued use of this technique has resulted in rich experiences in these two states, and

FIG. 1 PREPARATION OF TOWN PLANNING SCHEME IN GUJARAT



SOURCE: The Gujarat Town Planning and Urban Development Act, 1976, (sections 40 through 98).

TABLE 1 USE OF TOWN PLANNING SCHEMES IN GUJARAT AND MAHARASTRA (ALL PRINCIPAL SCHEMES SINCE 1915)

<i>Place/area</i>	<i>Reference date</i>	<i>Number of schemes initiated</i>	<i>Total area (ha.)</i>	<i>Average area per scheme (ha.)</i>
Maharashtra/ Gujarat <sup>1</sup>	Dec. 1964	116	10,210	88
Maharashtra <sup>2</sup>	Jan. 1986	90	9,100	101
Gujarat <sup>3</sup>	Sept. 1984	165	24,096	146
Pune <sup>4</sup>	Sept. 1986	8	2,190	274
Bombay <sup>5</sup>	1985	33	—	—
Ahmedabad <sup>6</sup> (AMC area)	Sept. 1986	37	8,505	230
Ahmedabad <sup>7</sup> (AUDA area outside the 1985 AMC limits)	Sept. 1986	29	3,613	125

NOTE: Data refer to only the principal schemes but not all of them had been finally sanctioned by the government till September 1986.

<sup>1</sup>TP&VD (1965), pp. 31-33.

<sup>2</sup>TP&VD (no date), p. 4.

<sup>3</sup>Pandya (1985), p. 28.

<sup>4</sup>Pune Municipal Corporation, Pune, September 1986.

<sup>5</sup>Urban Development Department (1986), pp. 130-137.

<sup>6</sup>Ahmedabad Municipal Corporation, Ahmedabad, September 1986.

<sup>7</sup>AUDA, Ahmedabad, September 1986.

it appears that the PR technique has undergone the test of time.

The technique provides a means of improving and financing land development by reorganizing private land holdings. The potentiality of this technique in providing serviced plots for accommodating urban expansion and development, making possible public participation and private initiative, and meeting some costs of providing infrastructure by the LA are some of its important features. Under a TPS, no landowner loses his land entirely as against compulsory acquisition. He shares the benefits and costs with the LA, and his interests in land are recognized through representations at various stages of scheme formulation. On the other hand, land for various public purposes can be obtained without direct financial cost to the government. An optimum utilization of land can be realized as a result of unified planning and subdivision of land belonging to various landowners by the LA, and this approach can also be instrumental in implementing the development plan proposals. In the process of guiding planned urban expansion, not only large areas are opened up for development, a significant amount of land has come

under public ownership. In Maharashtra, some 813 hectares of land was proposed to be acquired in 29 towns and cities under 35 TPS for roads and other public purposes (Yadkikar, 1980:80). In 31 TPS in the AMC area in Gujarat, some 735 plots were reserved for various public purposes, besides roads, and the area of land reserved for public purposes in 25 sanctioned TPS was nearly 113 ha. (Padya, 1985:36-37). The necessary land for public purposes can be obtained at different locations with relative ease without facing serious public resentment and without going through the cumbersome procedure under the Land Acquisition Act of 1894.

Although useful in many ways, this technique has been seriously criticised mainly for its inadequate cost recovery and long delays in processing and implementing town planning schemes (Misra, 1986: 52-54; Pandya, 1985: 41-43; Patel, 1984: 61-68; Reddy, n.d.: 8-11; Vaidya, 1984: 82-84; World Bank, 1984: 45; World Bank, 1986: 20-23; and Yadkikar, 1980: 52-104). The present analysis of the town planning schemes in Maharashtra and Gujarat also reveals some major constraints in the formulation and implementation of the schemes which have hampered the successful realization of the expected results (refer, 4.5.1, for recent amendment to the Gujarat Act). In a nutshell, these major constraints have been:

- long time periods in the preparation, formulating and implementing the schemes;
- the problems related to cost recovery; and
- other difficulties related to burden on landowners (doubly squeezed because they part with some portion of their land as well as pay cash amount), public participation, equity considerations, implementation, etc.

All these problems are closely related to one another, and need to be seen in the overall context. However, the most important issues are related to: (i) the computation of valuation of plots and betterment charges, and (ii) legal procedures to be followed in the process of preparing a TPS. These two issues are briefly summarized before proceeding to highlight the general policy implications.

#### *Valuation and Financial Implications*

There seems to be a number of methods to calculate the value of a plot in urban areas currently used in India. These being, among others:

- (a) *For Taxation Purposes:* They are usually based on property valuation arrived at on the basis of rateable value of the property.

- (b) *For Acquisition Under the Land Acquisition Act of 1894:* It is based on the market value of the plot (determined by the collector) plus a solatium percentage (which is raised to 30 per cent since September 1984 from the previous 15 per cent).
- (c) *For Acquisition Under the Urban Land Ceiling Act:* The compensation payable is fixed at 8.13 times the net average annual income derived from land during the preceding five consecutive years, or alternatively, the value ranges from a ceiling of Rs. five per sq. m. for cities below one million inhabitants to a limit of Rs. ten per sq. m. for the metro cities having populations of one million and above inhabitants, irrespective of any other market situation such as location, proximity to civic facilities, and intensity of use or intended use.
- (d) *For Compensation Under a TPS:* The values are arbitrarily fixed by the TPO, usually a very low compensation rate is granted.
- (e) *Values Quoted in Sales Deeds at Registration Offices:* These values are usually lower than the actual transacted amount to reduce payable fees, e.g., stamp duty and registration fee.
- (f) *For Compensation under Special Acts:* There are different formulae to calculate the compensation amounts for plots acquired under special acts such as those for housing development and slum improvement purposes. For example, the Maharashtra Housing and Area Development Act, 1976, specifies (under section 44) the calculation of compensation amount at 100 times the net average monthly income actually derived from the land during the preceding five years.

For land acquired especially under the Land Acquisition Act of 1894, usually the values quoted in the sales deeds at the Registration Office under item(e) are considered by the courts as official figures, but mostly they are lower than the market values. In a TPS, the arbitrator also considers these values under item(e), but fixes the plot values on the merit of his personal impression of the situation. The presence of a number of methods to calculate the value of a piece of land means that each method gives a different figure. The process of plot value calculation is, thus, heavily method laden, and as the method is chosen to suit one's preferences, both the methods and the results are unreliable. The appropriateness of the values thus derived becomes doubtful since the methods do not reflect the actual market values of the plots.

Since all financial calculations in a TPS are based on the values of original, semi-final and final plots, and as they tend to be the cooked up figures, the values do not have much relevance to the realities of the world. So, all figures, calculations and conclusions in relation to finan-

cial implications of the TPS made in earlier studies tend to depict a rather different picture than what it is in actuality. Although valuations are done arbitrarily, the expenses incurred in the preparation of the scheme are real, and the costs likely to be made for the implementation of the scheme proposals are determined by the market forces.

In fact, it is difficult to say that the cost recovery in a TPS is inadequate, because not only the base of valuation is arbitrary, many other relevant parameters have not been considered in the financial statements, e.g., actual cost of providing infrastructural works; overhead costs of local authority related to administrative and management aspects of scheme implementation; administrative and legal costs involved in the collection of betterment charges; inflationary effects on the depreciation in the value of betterment charges paid in instalments at lower rate of interest; escalation in the cost of scheme formulation and implementation; financial gains to the LA due to low compensation (lower than the existing market rate) paid to the landowners for land acquired for public purposes; and the real financial gains in kind to the LA on account of the supposedly developed final plots dedicated to it for public purposes. It has generally been held that local authority has to bear large sums of money to implement the scheme proposals. This may be true, but it does not mean that cost recovery is inadequate. For example, the case study schemes show the potential financial benefits to the tune of some Rs.6.86 million and Rs. 9.36 million respectively to the Pune Municipal Corporation (through the Yerwada TPS No. 1) and to the Ahmedabad Urban Development Authority (through the Odhav TPS No. 1) with modest rates of land values around the reference dates even excluding the public land under the road networks. These figures should be compared with the respective estimated schemes costs of Rs. 4.98 million and Rs. 6.58 million (Table 2).

Granted that the collection procedure of incremental contribution is a time consuming one, and that even the little amount so collected depreciates in value in real terms due to inflation (both of which are largely the derivatives of the existing legal provisions), if the LA fails to initiate and complete the implementation of works contemplated in the scheme proposals within the stipulated time, one can perhaps question the rationale behind levying and collecting betterment charges at the first place.

Although the method of valuation and calculation of incremental contribution have been supposedly made sophisticated over more than 70 years of practical experience with TPS, the existing method of valuation has made it impossible to achieve agreeable equity levels in the schemes. To cite one example, the ratio of final plot value to original plot value for the plots in the case study schemes has varied considerably. In the Odhav TPS No. 1, it varied from 1.00 to 1.47 averaging to

TABLE 2 COMPARATIVE ASSESSMENT OF TWO CASE STUDY SCHEMES ON FINANCIAL IMPLICATIONS

Scheme	Ref. date	Date of final sanction	Total scheme cost (Rs '000)	Per cent of compensation to total cost	Per cent of work to total cost	Incremental contribution		
						Administrative cost		Per cent to cost of work
						Per cent to total cost	Per cent to total cost	
Odhav No. 1 (Ahmedabad)	Dec. 1975	Mar. '86	6,583.7	74.99	17.99	7.02	39.0	95.38
Yervada No. 1 (Pune)	July 1970	June '83	4,976.3*	11.28	75.44	8.86	11.75	44.71
								59.27
								530.04

NOTE: \*This includes Rs. 220,099 as the amount granted to be exempted by the Tribunal of Appeal representing 4.42 per cent of total scheme cost.

SOURCE: Scheme Documents of Odhav No. 1, Ahmedabad and Yervada No. 1, Pune.

about 1.21, and in the Yerwada TPS No. 1, the range was between 1.00 and 1.98 averaging to about 1.44. Therefore, equity among landowners from the benefits accruing though the provision of infrastructure and other facilities contemplated in the scheme proposals is not achieved. Even the legal provision to allocate up to 10 per cent of land area in a TPS in Gujarat for housing the economically weaker section (EWS) of the community has not been fully complied with. In most of the schemes, land for EWS housing constitutes not more than three per cent of the scheme land.

### *Legal Procedure and Implications of Scheme Duration*

The legal procedures in the preparation and finalization of a TPS involves the following major steps: (i) preparation of the draft scheme; (ii) preparation of the final scheme (also an intermediary preliminary scheme in Gujarat) which includes, works related to that of the arbitrator, works and decision of Board/Tribunal of Appeal, and drawing up of the final scheme; and (iii) government sanction required at various stages (refer, Fig. 1).

The time required in the formulation of TP schemes in both states have been very long—usually between 10 to 16 years (Table 3 for Maharashtra). But, it is difficult to establish conclusive relationships between time taken in the preparation and processing of schemes and other parameters such as scheme area, number of owners, land holdings, percentage of area acquired and incremental contributions per hectare. The seemingly obvious positive relationship between the area of the scheme and the duration, though verified to some extent in Maharashtra (Yadkikar, 1980: 55-57), was hard to verify in Gujarat. Similarly, it is difficult to state whether the new act in Gujarat (or for that matter in Maharashtra, too) has substantially reduced the duration of scheme formulation and finalization. The confusion on these relationships is perhaps due to the long time observed in the planning of TP schemes which may have diluted the possible relationships with other parameters considerably. If sufficient schemes of rather smaller areas with small number of landholdings initiated at different periods of time under the provisions of various acts are studied and analysed, and compared with those of larger schemes with large number of landholdings initiated under similar conditions, then it may perhaps be possible to state the existence of relationships between these variables with a fair degree of confidence.

In practice, the preparation of the draft scheme was completed within the time specified in the acts. The longest time was taken up by the arbitrator in finalizing the scheme (more than eight years on the average) followed by time taken by the government to sanction a scheme at various stages (about four years), and the decision of Board/Tribunal of Appeal (more than two years). But the time limits specified in the acts

TABLE 3 AVERAGE TIME REQUIRED FOR VARIOUS STAGES OF PREPARATION OF TOWN PLANNING SCHEMES IN MAHARASHTRA\*

<i>Stages of Planning</i>	<i>Average time required (in years)</i>	<i>Per cent to total</i>
1. Declaration of intention, to publication of draft scheme	1.93	10.00
2. Publication to government sanction of draft scheme	1.84	9.53
3. Appointment of arbitrator (TPO)	0.06	0.26
4. Finalization of scheme by TPO	11.74	60.83
5. Tribunal of Appeal	1.61	8.34
6. Submission of final scheme to government	1.05	5.44
7. Sanction of final scheme	1.08	5.60
<b>TOTAL (average)</b>	<b>19.30</b>	<b>100.00</b>

NOTE: \*Average weighted time based on 35 TP schemes—if ordinary average is taken, it requires 16 years for the formulation of a scheme.

SOURCE: S.V. Yadkikar, "Validity of Town Planning Schemes as a Tool for Implementing Proposals", unpublished master's thesis, Pune, College of Engineering, 1980, Table 6, p. 64.

can not be followed strictly to complete the works listed under items (ii) and (iii) above, because of many legal and administrative questions, and the open nature of the task involved. Some cases can be challenged in a court of law which again delays the matter. In fact, one can not ask the government to strictly follow the time limits because of their preoccupation with other urgent issues; their priorities in taking decisions; and confusion as to what happens when the government fails to take a decision within the stipulated time. Is the scheme abandoned? If it is not, then the time becomes flexible. If the answer is yes, then what is the end result of the whole exercise? Who bears the financial implications of the scheme preparation? Who bears the consequences of the interim development control measures applied in the scheme area? Therefore, the government has a plenty of excuses for taking longer time in giving their decision. Moreover, one can not fix a time limit to the politicians for a number of other reasons, such as: in general, time limits are not specified to them; they usually do not follow time limits even if these were specified; and if they are required to follow the limits, the law may be changed soon.

The main causes of delay in the scheme formulation have been the long legal procedures to be followed in the preparation and processing

of the scheme, a general apathy on the part of the LA in both states, shortage of qualified officers to act as arbitrators, delay in processing and sanctioning a scheme within the government bureaucracy, and lack of coordination among various institutions involved in the process of scheme formulation. As a consequence of the delay, the general urban development work tends to be hampered, the supply of land in the market reduces, land values go high and make the entry of the poor urban households in the land market more difficult, scheme costs and project implementation costs are inflated, and unauthorized encroachment of vacant land increases.

#### DESIRABILITY OF THE TPS AND THE ALTERNATIVES AVAILABLE

Before we look into policy implications, it is important to consider whether a TPS is desirable? It is usually held that the TPS utilizing the technique of PR is a useful tool for urban development and urban land management in the general interest of the public. Thus, the purpose of urban development and public benefit make a TPS desirable, but this desirability begs more questions than it answers. The questions are: (i) If it is desirable, for whom it is desirable? The people in the scheme area, the local authority, or the government? What are the alternatives available, besides the TPS, to fulfill the perceived purposes? (iii) What are the general merits and demerits of these alternatives? and (iv) Which alternative(s) may be followed to achieve the intended results? An attempt will be made to answer these questions, but first of all, let us examine some facts to see when a TPS is desirable and who are interested in it.

#### *Interests of the People in the Scheme Area*

Under the existing legal framework, a TPS does not cater to the interests of the tenants or the renters in the scheme area. There is a big problem of settling the displaced persons. A recent World Bank report (1986: 20) claims that the schemes in Gujarat have typically been subsidized by 50 to 90 per cent of the total costs. The data available from scheme documents in Gujarat and Maharashtra show that the contributions from landowners in the form of betterment charges amounts to about half of the estimated costs of the scheme with some variations. For example, in Maharashtra, it was about 46.25 per cent (Yadkikar, 1980: 87), in Pune it was 36.83 per cent (field observation), and in Ahmedabad it was 55.10 per cent (field observation). In real terms, these percentages would fall because the actual amount recovered over a number of years would be worth less due to inflation while the implementation of the scheme proposals would cost more due to escalation over time. Considering some of these parameters, Vaidya (1984: 84)

says that only 39 to 58 per cent of the cost of the schemes are recovered.

These illustrations tend to show that large benefits accrue to the landowners in comparison to the incremental contributions they make. If it were so, then some of the activities of the landowners to jeopardize the formulation of a TPS are confusing, such as, opposition and dissatisfaction in the arbitration proceedings, in relation to valuation matters, and instances of obtaining stay orders from courts or the government to halt the process of scheme preparation and finalization. The interviews with the landowners in the case study scheme areas revealed a lack of awareness amongst them about the TP scheme. Many respondents just did not know how it worked, although they were apparently associated with the scheme formulation for more than 10 years. In all aspects of field enquiry, a low level of public participation was observed. The answer obtained from the landowners suggest that:

1. The landowners are dissatisfied because in a TPS, they have to part away with some portion of their land for roads and other public purposes, and at the same time pay incremental charges.
2. They are dissatisfied with the valuation fixed by the arbitrator. The original plot value is fixed at a lower rate so that the compensation amount is less, but the final plot value is fixed at a higher rate so that a large amount of incremental contribution can be collected.
3. They are dissatisfied with the inequality in the allocation of final plots and its value because of corrupt practices.

These reasons indicate that landowners do not perceive a large financial (or other forms of) benefits coming out of the TPS, they are dissatisfied with both valuation methods and the treatment of the officials, and therefore, move to the courts. This litigation takes a long time and delays the period of scheme finalization. It also indicates that in general, although the official figures suggest that a large amount of benefits goes to the landowners in a TPS, the landowners in the scheme area do not seem to perceive such large benefits. However, the actual financial benefits accruing to the landowners are difficult to judge from the official figures as these tend to be greatly distorted due to the equity issue mentioned earlier on the one hand, and the existing method of valuations based on the subjective assessment of the arbitrator rather than the market value of the plots, on the other.

#### *Interests of the Local Authority*

In Maharashtra and Gujarat, the urban local bodies, such as municipalities, municipal corporations, and urban development authori-

ties, undertake TPS for areas falling within their jurisdiction. The schemes have been initiated and carried over for more than seven decades, but the concepts of valuation and incremental contribution have not been changed much. With such a long experience in TPS, and with the formulation of a large number of schemes in these two states, it appears that this approach has become quite popular and that the LAs are interested in undertaking it. However, recent examples show that this may not be so. In Maharashtra, the State Town Planning Department has shown little enthusiasm in initiating a new scheme since 1980, and in Pune no new scheme has been initiated since 1970. In Ahmedabad, no new scheme has been prepared since 1975 within the AMC area. But in the AUDA area, some new schemes have been prepared, and some of other towns in Gujarat have also a few schemes under different stages of progress. It is now increasingly being realized that the local bodies do not show much interest in preparing a TPS, mainly because of the following reasons: (i) long time taken in the process of preparing and finalizing a scheme; (ii) the revenue through betterment contributions being irregular, low and difficult to collect, they have to bear a large amount of financial burden of scheme preparation and implementation; and (iii) due to paucity of funds with them, they are less eager to implement the scheme proposals within the stipulated time.

Thus, the TPS remain mostly as paper subdivision schemes and the LAs have shown little interest in implementing the scheme proposals. This being the case, the rationale for initiating the preparation of the scheme (*i.e.*, for regulated urban development) becomes questionable. In the same vein one can even question the rationale of levying and collecting betterment charges, if the scheme is not meant for implementation within the stipulated time. One also wonders, why require the arbitrator to specify a time limit for the completion of infrastructural works and other scheme proposals by the LA when it can not be followed? It may be possible that the LAs still pretend to undertake a TPS only because of their inertia to carry it out as a routine work, or may be, they have to show that they are doing something otherwise their existence, especially those of the development authorities, may be questioned. It may also be possible that they have some idea of the material benefits accruing to them through the TPS, but do not want to acknowledge it to doubly squeeze the landowners. In any case, the formulation of the TPS was said to have brought about a large amount of financial rewards to those officials associated with it.

#### *Interests of the Government*

By enacting legislations providing for the preparation of TPS, by authorizing the local bodies to undertake TPS for urban development purposes, and with the involvement of the State Town Planning Depart-

ment and the State Government (appointment of the TPO and the Board/Tribunal of Appeal, according sanction to TPS at various stages), it appears that the government is interested in TPS. It may be so, but let us examine some facts.

1. The government takes a long time in according sanction to a scheme proposal at various stages, *e.g.*, the government takes more than one year in Gujarat and about two years in Maharashtra for sanctioning a draft scheme against six months specified in the acts, takes more than two years to sanction a preliminary scheme in Gujarat against two months as specified in the act, and takes more than one year to sanction a final scheme against three months in Gujarat and four months in Maharashtra as specified in the acts. So, on the average the government takes more than four years to sanction a scheme in Gujarat and about three years in Maharashtra. One begins to wonder why does the government take such a long time in sanctioning a scheme if they were interested in the scheme?
2. In a number of cases, the arbitrator is changed many times during the scheme finalization period, and this delays the matter.
3. The government is not swift in constituting the Board/Tribunal of Appeal to hear the cases. The appointment of the Board took nine months following the arbitrator's award of the final scheme in the Odhav No. 1 TPS in Ahmedabad.
4. The government has taken little initiative to coordinate the different agencies involved in the formulation, finalization and implementation of the schemes. The State Town Planning Department and the local bodies do not seem to receive the required cooperation from the Revenue Department and the Land Registration Department.
5. The government has shown practically no interest to encourage the LAs to implement the scheme proposals.

So, it appears that despite the obvious intentions, the government appears to have shown little interest in the TPS.

#### *Reasons for Initiating a Scheme*

If none of the three main actors, *i.e.*, the landowners, the LA and the State Government (along with various government agencies), have shown much interest and enthusiasm in the formulation and successful implementation of the scheme, then a formidable question of initiating a scheme at the first place can be raised. Let us try to answer this question from

the point of view of the three parties involved.

During the last 70 years of experience with urban land management and urban development through the formulation of TPS, the landowners have, by themselves, never initiated a scheme. They are not required to be consulted by the LA before the initiation of the scheme. The LA is required under the acts to call a meeting of the landowners of the scheme area to explain the tentative scheme proposal and seek the public opinion, but it is not bound to consider their suggestions/objections for making the draft scheme. Therefore, consultation with the landowners before the publication of a draft scheme appears to be rather a matter of formality not to be taken seriously. The landowners enter the scene after a draft scheme is published, and they can raise any objection in writing related to the scheme within a period of one month from the date of publication. The landowners' disinterest in a scheme is, therefore, quite apparent—the scheme is not their *baby*. They have been forced to take part in the scheme when most of the matters have been formalized and the fate of their plots determined. They do not perceive any large benefit accruing to them which could have stimulated them for positive attitude towards the scheme and also in their relationship with the officials.

The LA and the government seem to consider that the TPS is a useful tool for guiding urban development, so they favour it by initiating a scheme. But the long time taken in its finalization and processing, and the possible financial implications to the LA makes them not too energetic about it. So, even though they consider it to be a desirable tool, they show apathy towards it. It appears, therefore, that it is only through sheer inertia that some TPS are still being carried out in Gujarat and Maharashtra because alternatives to the TPS as a tool of urban land development do not yet seem to have been adequately identified.

### *The Alternatives*

Some alternatives are available to guide the urban development process in a planned manner and at the same time to reduce the financial burden on the LA for providing urban infrastructures. But before highlighting these alternatives, a brief sketch of some of the recent developments attempted in refining the process of TPS is made.

### *Recent Developments*

Authorities both in municipal councils and Department of Town Planning in Maharashtra and Gujarat seem to be aware of the limitations as well as opportunities of the PR technique employed in TP schemes. In recent years there have been some attempts to improve the technique, and in Gujarat a recent amendment (February 1986) to the

Gujarat Town Planning and Urban Development Act, 1976, has also been made in this direction.

The opportunity provided by the MRTPA in Maharashtra for the preparation of TP schemes for securing the development of land at little or no cost to the LA has not been found to be much effective because of a number of procedural weaknesses, such as: long delays in scheme formulation and implementation, often in equal treatment to landowners by the arbitrators, absence of provisions related to rehabilitation of tenants and other displaced persons, a heavy burden on the LA to carry out the implementation works due to cost escalation and inadequate collection of betterment contribution, and encroachment on to public purpose plots by squatters causing delays in the implementation of works (Keskar, n.d.:1). In a paper submitted to the State Government in early 1980s, the Department of Town Planning made recommendations to: issue guidelines to the arbitrators to avoid unequal treatment to landowners, constitute rehabilitation programme as an integral part of a TP scheme through administrative policy rather than legislative amendment, change the definition of incremental contribution to make a TP scheme self-implementable, and amend the Act to cut down delays in scheme formulation and implementation (Keskar, n.d.: 2-4). The solution to the much wider problem of squatter settlements was to be sought outside the framework of TPS. Some 12 items were identified for amendment in the Act (MRTPA) which were geared towards making the scheme preparation procedures simplified and shortened, but as of September 1986, there was no information on the government response to these proposals.

Having noted the two major deficiencies in TP schemes, *i.e.*, inadequate cost recovery and long delay in processing and implementing schemes, a recent World Bank study (1986: 20-22) recommended a number of measures to increase the financial viability of TP schemes. To reduce the time in processing the scheme, two major alternatives were provided: one, to streamline the procedure under the existing three-staged system in Gujarat, and two, to adopt a two-staged system by combining the draft scheme stage with the preliminary scheme stage as illustrated in Table 4, for which some administrative measures were identified to be supported by appropriate legislative amendment (World Bank, 1986: 25-28).

The Government of Gujarat reacted favourably by amending the Act in February 1986. This amendment incorporates all recommendations geared towards increasing the financial viability of a TP scheme but does not specifically spell out any measure to reduce the time required in the formulation and finalization of scheme. The major provisions of the amendment are [The Gujarat Government Gazette (Extraordinary), Vol. XXVII, Extra no. 5, dated February 6, 1986,

pp. 5-1 to 5-3): formulation of a scheme in any land likely to be used for residential or commercial or industrial or for building purposes; reservation of plots up to 10 per cent of the total scheme area for the purpose of sale for residential, commercial or industrial uses; inclusion, in the total cost of the scheme, of all sums spent or estimated to be spent by the local authority until the preliminary scheme is implemented; inclusion of 20 per cent of the cost of off-site infrastructural works in the scheme cost; and fixation of the interest rate at 2 per cent higher than the rate set by the Reserve Bank of India (RBI) from time to time if a landowner elects to pay the betterment contribution by instalments.

Although this recent amendment does not spell any measure to reduce the duration of a scheme formulation, the departmental officials were more attracted by the two-staged system of combining the draft and preliminary scheme proposed in the World Bank study (see Table 4). This amendment providing for the reservation of some plots for sale, adjusting the rate of interest to the market rate, and consideration of cost escalation in the estimation of the scheme costs are positive steps, and they are attractive in making a scheme self-implementable. But attractive though the inclusion of off-site infrastructural costs to the total scheme cost is in reducing the financial burden to the LA, it has some inherent problems, too. One, it is the duty of the LA to provide the essential services to the tax payers. Two, there are some contradictions in charging the scheme landowners for both the costs of off-site infrastructure, and the costs of land needed for major scheme proposals and the construction costs of trunk utility network passing through the scheme area, which benefit a larger section of the urban community. Three, the idea of 'inadequate cost recovery' in a TPS is not adequately established, and therefore, the justification for the inclusion of the off-site infrastructural costs is scanty.

As far as the procedural matters are concerned, the World Bank proposal (see Table 4) tries to reduce the present actual observed time of processing a scheme from 121-127 months to 38-46 months, although it does acknowledge that before amendment, the time stipulated in the Act required as much as 84-90 months to complete the processing and finalizing a scheme. This proposal presupposes both the willingness and ability of the responsible authorities at both the state and the local levels to effectuate the changes as per the time suggested. How far it could be achieved in future is still a rather open question. Moreover, the proposal combines only the draft and preliminary schemes in one stage but has kept arbitration proceedings and other requirements intact without making any specific proposal to reduce time for these purposes. We have remarked earlier that the preparation of the draft scheme was done within the time limits, and the bulk of the time was consumed by the works of the arbitrator, the Board of Appeal, and the

TABLE 4 IMPLEMENTATION SCHEDULE OF TOWN PLANNING SCHEMES  
IF DRAFT SCHEME AND PRELIMINARY SCHEME ARE  
COMBINED—GUJARAT

<i>I. Draft/Preliminary Scheme</i>	
1. Declaration of Intention to Make a Scheme [41(1)]	
2. Publication of Declaration and Sending of Plan of Proposed Area to State Government [41 (2)]	21 days
3. Appointment of Town Planning Officer by State Government [50 (1)]	within 1 month of publication
4. Preparation and Publication of Preliminary Scheme [52 (1)]	12 months (with possible extension of 6 months)
5. Sanction of Preliminary Scheme by State Government [52 (2) and 64-65]	3 months
<b>TOTAL—PRELIMINARY SCHEME</b>	<b>16-22 months</b>
<i>II. Final Scheme</i>	
6. Preparation of Final Scheme [52 (3)]	12 months
7. Notice to Parties Concerned Regarding Contributions, etc., and Right to Appeal (54)	1 month of preparation
8. Decision of Board of Appeal and Sent to State Government [55 (2)]	6-8 months
9. Sanction of Final Scheme by State Government (65)	3 months
<b>TOTAL—FINAL SCHEME</b>	<b>22-24 months</b>

SOURCE: The World Bank, "India-Urban Land Management Study", unpublished report, Washington, D.C., The World Bank, 1986, Table 11-5, p. 28.

government for according sanction at various stages. The presence of these steps in the new two-stage proposal costs serious doubts on its effectiveness in actually reducing the time.

Lack of public participation and the dissatisfaction of the land-owners were identified earlier as major cause of delay in the arbitration proceedings as well as lingering the scheme through litigation in the courts. This aspect and the related issue of the basis of valuation of the plots are not touched by the World Bank study or the recent amendment. On the whole, therefore, the net effect of the amendment is perhaps too early to be clear, but it does provide ample opportunity for the LA to augment its financial position in a TPS, probably at the cost of public resentments. Thus, it appears that the recent amendment to the Gujarat Act does not seem to be firmly based on conclusive evidence of financial implications, and it completely ignores the aspirations of the

landowners, the enormous positive benefits of public participation and making landowners as partners in the development process.

### *Other Alternatives of Urban Land Development*

A number of techniques and tools are available to the municipal authorities and government agencies to regulate the use of land. They are: non-tax measures, tax measures, and direct public involvement (World Bank, 1972: 86-100). These techniques can also be classified as 'positive' actions on the part of the government, utilizing government powers and financial resources, and 'negative' actions on the part of the government, utilizing powers to restrain or otherwise direct private land-use and development activities (Courtney, 1978: 129). The positive mechanism include provision of infrastructure, financing developments, and nationalization of land. Negative controls include regulatory measures like zoning, subdivision and building regulations, and building permits. Usually the mechanism of land-use control involves a combination of both positive and negative measures. Here only a brief note on two of the most important policy instruments having wider impact in India will be made. These being: the 'Urban Land Ceiling Act of 1976', and the approach of 'Direct Land Acquisition and Development'.

The Urban Land Ceiling (Regulation) Act (ULCRA) of 1976 was intended to overcome the rapidly inflating prices of urban land by enabling government to acquire landholdings in and around urban areas in excess of certain ceilings. In Ahmedabad and Pune, for example, the maximum ceiling is 1,000 square meters per person. However, the effects of the Act has been contrary to original intentions of socializing urban land, moderating land prices, and encouraging low-income housing (Wadhva, 1983: 76-86). The negative impacts of the Act in land markets have been quite apparent in the cities of Gujarat and Maharashtra. The freezing of land transactions, squeeze in land supply and increase in land values have been noticed, on the one hand, and on the other, corruption in the government bureaucracy and the circulation of black money got increased considerably (Arab, 1985, Mahajan, 1980, and Wadhva, 1983). This Act has also put a number of constraints in the urban development process. In an attempt to circumvent the ULCRA limitations, land is developed beyond the Act's jurisdictions around larger cities like Ahmedabad. The proposed development of satellite towns at Kalol, Mehmedabad, Sanand Dehgam might have been influenced by the impact of the Act. Comparatively, the amount of land acquired through this Act in Maharashtra is better than most of the other states (Dutta, 1984: Table A-12), but percentagewise the land acquired is very low (often around three per cent of the estimated excess vacant land).

The policy of direct government intervention in the land market by bulk acquisition and development of land is still practiced by some

development agencies in Gujarat and Maharashtra. Almost all acts related to town planning functions have provisions for compulsory acquisition of land, if necessary. The most prominent use of this approach has been observed in the planning and development of the state capital city of Gandhinagar in Gujarat (a replication of the Delhi approach), and planning of some new towns in Maharashtra and the ambitious project to develop New Bombay. But a large scale application of this approach in other parts of the states has not been significant. The magnificent failure of the Delhi Model of urban land development and management have been documented elsewhere [Howland, 1975, Datta and Jha, 1983, and Acharya, 1987 (b)], and they show the conceptual limitations as well as operational difficulties of the approach in the Indian context. Most development agencies have resorted to compulsory acquisition of land for routine public purposes, limited area development, housing schemes and slum improvement projects. However, due to the enactment of the ULCRA in 1976, acquisition of large landholding within the city limits are frustrated and the authorities go beyond the city limits where the Act is not operative. But land acquisition under the Land Acquisition Act of 1894 is a cumbersome and time consuming procedure, and it is often expensive since acquisition is based on the assessed market valuation. Mobilization of huge funds required for acquisition and development of land has been extremely difficult to manage, and often there has been serious organizational and management problems. Public resentment and legal complication further make the acquisition procedure extremely slow.

Therefore, the existing mechanisms for acquiring and developing urban land are not providing adequate serviced land for expanding urban populations. Although several mechanisms exist, in practice they have been difficult to implement at a large scale to have a significant impact on the delivery of serviced land.

#### FUTURE DIRECTIONS

This study has highlighted a number of constraints and limitations of the TPS as a tool of urban land development. The experience with some of the other approaches to tackle urban land question in India have also demonstrated a less than satisfactory results. In view of these observations, the possible approach in future could be to either make timely refinements in the TPS or look for some other alternative approach of land management which may contain the positive aspects of the TPS, but reduce its negative points. One of such approach is the use of the land pooling/readjustment (LP/R) technique.

#### *Land Pooling/Readjustment*

LP/R technique has often been acclaimed as an innovative land

development technique to achieve adequate land supply and planned urban development. It is widely used in Japan, South Korea, Taiwan and in some cities of Australia and Canada. LP/R involves the consolidation of separate private land holdings in urban fringe areas for their unified planning, servicing and subdivision as a single estate with the sale of some of the new building plots to recover the project costs and the redistribution of the other plots back to the landowners. Almost all LP/R projects are prepared with the cooperation and active participation of the landowners concerned and formulated for complete cost recovery within the project period through the sale of 'cost equivalent land' reserved in the scheme for that purpose. In some cases, even cross-subsidization to finance low income housing schemes have been initiated by the local authorities, such as in South Korea, through reserving land in excess of the needs for public purposes allocations and to finance infrastructural provision. In contrast to the TPS in Gujarat and Maharashtra where they have largely remained as paper subdivision schemes due to inadequate or non implementation of the scheme proposals, the LP/R projects are subdivision schemes that are implemented on the ground with the construction of the needed infrastructural works and the subdivision of the land into streets, building plots and open spaces.

The Planning Commission Task Force on Urban Development emphasized the direct methods of public interventions by securing participation and cooperation of the people and the use of land readjustment technique, among others (Planning Commission, 1983: 143-150). A recent example of PR in a scheme in Trichur (Kerala) has utilized the concept of LP/R but significantly improved on it by conceiving the project as a 'time bound programme' to complete all infrastructural works and construction of buildings within six years after the final sanction to (and agreement in) the scheme [Acharya, 1987(a)]. It is important to note that contrary to the views held by planning officials, the landowners in the case study scheme areas in Ahmedabad and Pune supported the idea of LP/R and preferred it to the TPS even if they were required to part with more land to finance the infrastructural works. The significance of land pooling as an alternative method of land development, which involves the cooperation of the landowners, can hardly be over-emphasized in India's situation where investment funds for urban infrastructure constitute a major constraint. But, since isolated policy instruments seldom achieve the desired results, they need to be assessed and applied in combination as a group.

#### *Refinement in the Existing Method*

Considering the constraints and opportunities provided by the planning acts in Gujarat and Maharashtra, as highlighted in this study,

refinements in the working of the TPS are desirable in the following critical areas.

#### *Financial Matters and Equity Considerations*

The financial viability and the equity considerations may be achieved by the following principles: One, all TPS should be formulated for complete cost recovery even allowing for the reservation of land for EWS housing in Gujarat. The opportunity provided by the recent amendment to the Gujarat Act in this direction is encouraging, but inclusion of off-site infrastructural costs to the total scheme cost should be avoided. Two, all valuations and financial calculations should be based on the market values of the plots precisely determined through established practices and calculated by expert valuers. Three, the project equity ratio (ratio of land-value out to land-value in) should be strictly followed for all participant landowners, and if there be a need for cash adjustment to maintain the equity ratio through final plot distribution, it should be limited to not more than 10 per cent of the value of the final plot for any landowner. And four, some amendment in the exemption clauses to reduce the powers of the arbitrator and Board/Tribunal of Appeal is necessary so that the local authority is not required to bear the additional scheme cost. If exemptions to religious or charitable organizations are desirable, they should be moved separately and granted by the government outside the framework of the TPS, and paid through the exchequer.

#### *Public Participation*

Ways and means must be found to encourage public participation and involve landowners as partners in the development process. The following measures may be employed, among others, to achieve the intended public involvement: (i) giving wider publicity to the merits of TPS and explaining the public how it works; (ii) conducting frequent meetings with the landowners to know their opinions and suggestions; (iii) encouraging the landowners of the prospective scheme area in the selection of the scheme area, and seeking their suggestions in the layout plan, type and level of services, and the land value patterns; (iv) encouraging the public to make objections/suggestions even verbally and making a precise note of them by an officer concerned; (v) requiring that at least 50 per cent of the landowners in the scheme area by number and land holdings give consent to making a scheme prior to the declaration of intention by the local authority to prepare a scheme in that area; and (vi) assuring the prospect of a good amount of financial benefit to the participant landowners through relative land value increases by selecting appropriate land for the scheme, expediting the process of scheme formulation and finalization, and immediately undertaking the provision of infrastructural works by the LA.

### *Reduction in Time*

The suggestions made above on financial matters and public participation would have the effect of reducing dissatisfaction among the land-owners, expediting the arbitration proceedings, reducing legal battles on valuation matters, and putting pressures on the responsible officials for a fair treatment and responsive behaviour. The combined effect of all these can be expected to reduce the time required in processing the scheme considerably. In addition, the following measures can be employed to further support the time reduction strategy: (i) limiting the size of the scheme area (say not more than 50. ha in area); (ii) combining the preliminary and draft scheme as proposed by the World Bank study, but ways and means must be found to hasten (or if possible, to avoid) the arbitration proceedings; (iii) appointing an arbitrator and constituting a Board/Tribunal of appeal permanently (on the full time basis) for looking into the TPS matters (may be a number of such units needs to be established in some district centres and in larger cities having a couple of TPS at hand); (iv) authorizing the CTP to sanction the scheme at all stages subject to the objection of the State Government to the final scheme only which should be communicated by a Gazetted notice within a period of three months from the date of sanction of the final scheme by the CTP, failing which the scheme sanctioned by the CTP should be deemed to remain valid; and (v) overlapping certain functions in the scheme formulation process and making use of modern methods of surveying (e.g., aerial photography) wherever possible.

### *Government Support*

The schemes should be aimed to be processed and finalized within a period of two to three years and be implemented by the LA within the next three years. To achieve these results, the government should provide technical, financial and institutional supports to the LA; take strict measures to ensure effective coordination of all government departments/agencies involved in the process; and take administrative and financial actions against the LA which fails to complete the provision of infra-structural works within the stipulated time despite the necessary support provided by the government. However, this arrangement already calls for establishing/strengthening of organizational set-up at both state and local levels staffed with appropriate technical and managerial personnel, and having access to the necessary financial resources. Training facilities in urban land management and real estate valuations needs to be encouraged, and financial institutions and commercial banks should be directed to advance credits to the LA to implement the TP scheme proposals. The government can also adopt a policy of encouraging the LA by rewarding it for initiating and completing the scheme proposals successfully within the stipulated time. Government support is also required

to resettle the displaced persons from the scheme area and to provide economic opportunities (e.g., training, alternative employment, etc.) to the resident of the scheme area when the fringe land is being converted from agricultural to non-agricultural uses. Although it is desirable to have these components built-into the scheme, it may not be possible to do so because of the dimension of the scale necessary to operate them. Separate programmes of resettlements and economic opportunities may be formulated for this purpose, but they should be coordinated with TP scheme proposals, and integrated with other urban development programmes, such as housing, slum improvements, sites and services schemes, industrial projects, and public works programmes.

#### *Refinements in the Scheme Layout*

Some further refinements in the scheme layout is possible by considering the following points: (i) making alternative scheme proposals and evaluating them for cost effectiveness in the provision of road network and other physical infrastructure; (ii) making rational land-use decisions so that low intensity land uses like agriculture are not provided for in the scheme; and (iii) providing adequate sized final plots suitable for 'building purposes' rather than the larger plots which are mostly held for 'speculative purposes', thereby also enabling the land-owner/developer not to make additional expenses on access roads and extension of services when he intends to develop the land by building(s) construction.

#### *Pilot Schemes Along the Trichur Lines*

To examine the usefulness of the LP/R technique in guiding urban land development, obtaining public purpose land and providing infra-structural facilities at no cost to the government, involving the land-owners as partners in the development process, and showing the benefits of a time bound programme, a few pilot schemes of smaller areas (say, less than 15 ha.) should be formulated and implemented in Gujarat and Maharashtra along the lines suggested by the Trichur experience. A provision of the simple and old Town Planning Act of Kerala (as applicable in the erstwhile Travancore area) which lacked procedural details, was exploited by the Trichur Urban Development Authority in entering into an agreement with the landowners concerned to initiate, finalize and implement a town planning scheme using the PR technique for the first time in Kerala. Similar provisions to make agreement with landowners for the purpose of a TPS are present in the planning acts in Maharashtra and Gujarat (for example, section 108 of MRTPA, and section 88 of GTPVDA). Although under these two acts, the arbitration proceedings and the works of the arbitrator can not be avoided altogether, as was possible in Trichur, the making of an agreement between the LA and

the landowners for mutual cooperation and benefit is sure to substantially reduce the time required in the arbitration proceedings, but such an agreement would completely avoid the step of processing appeals by the Board/Tribunal of Appeal. The proposed requirement of obtaining the consent of at least 50 per cent of the landowners to support a scheme would have a multiplier effect of convincing the other landowners to join hands together, and extending all possible help to the LA in carrying out the scheme successfully.

#### *Impacts of Urban Land Ceiling Act*

The proposed refinements made in the above paras would gradually tend to convert the PR technique to the LP/R technique. But whichever technique is used for regulating urban development and increasing urban land supply, the efforts will be greatly affected by the impacts of the ULCRA. The application of the provisions of this Act on final plots in a PR scheme would mean that land values at various locations within the scheme area would be different and the equity issue mentioned earlier would also be highly affected. If the landowners are to part with some portion of their land by receiving only nominal compensation through ULCRA, the local authority could use this inevitable phenomenon in motivating the landowners to participate in a pooling project and assure higher financial benefits in return to the public purposes land and betterment charges contributed for a PR scheme. As a further concession, the government may consider some relaxations in implementing the provisions of the Act on lands covered under the PR schemes. However, these proposals should be explored further to make them workable, and to give due consideration to the equity issue so that it is not distorted.

As a last comment, it may be appropriate to remark that unless there is a strong political will and determination to go ahead for effectuating the necessary changes and to regulate the urban land development process along the desired lines, and unless ways and means are found to solicit and encourage public participation and involve the landowners as partners in the development process, no amount of technical sophistication can be expected to bring about the intended results. □

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## *Financing Programmes for the Urban Poor: Case Study of Bank of Baroda*

GIRISH K. MISRA

WITH THE nationalisation of 14 major commercial banks in 1969, the lending policies of the banks were oriented towards development and the process of evolving specific programmes for financing the urban and rural poor with small loan requirements and without any tangible security to offer for the same started. For the development of the rural poor, programmes like Small Farmers Development Agency Programme, Marginal Farmers and Agricultural Labourers Agency Programme, Drought Prone Area Programme, Desert Development Programme, Tribal Sub-plan, etc., had already been introduced by the government and the banks were required to finance the beneficiaries of these programmes. In the case of urban and semi-urban areas there were no such programmes sponsored by State/Central governments. It was considered by eminent bankers in the country that the economic condition of the small men in urban areas could be improved by providing them with increased opportunities for self-employment especially in unsophisticated professional areas of art and craft like tailoring, shoe-making, carpentry, etc.; small/retail business like running a grocery shop, vegetable vending; technical occupations like photostate operating, typing, cycle-rickshaw and auto repairing; etc. In the case of these people, credit is required to be advanced on the basis of skill, expertise, technical know-how, industriousness and integrity of the borrower. It was against this background that the Reserve Bank of India appointed a committee under the Chairmanship of late Mr. V.D. Thakker, the then Joint General Manager, Bank of Baroda, in 1970 (who subsequently became Chairman of the Bank) to suggest ways and means to assisting the vast multitude of people engaged in self-employment activities like retail traders, artisans, craftsmen, small professionals and the like who needed finance not only for establishing employment at their place of work but also improving their living standards. In consonance with the recommendations of the committee, Bank of Baroda conducted detailed studies for catering

exclusively to the above categories of clientele.

The studies revealed that: (1) the number of such self-employed people is large and they are found in certain settlements or clusters and the rest are mostly scattered at various places in a city; (2) they have the knowledge of the trade or craft but they do not understand the values or benefits of organised finance from Banks; (3) day in and day out, they are engaged in their own business. Though they are willing to set apart a small sum from their daily or weekly cash receipts for repayment of bank's dues, they find it difficult to repay the loan instalments on quarterly or half-yearly basis. This signifies that there should be some machinery to enable them to deposit whatever small amounts they can spare on daily or weekly basis; (4) it is difficult for them to find time to travel all the way from their place to the bank and stand in queue for making payments since it results in loss of earnings; (5) Branch Manager has multiple responsibilities and as such this category of borrowers feels neglected. Also, sometimes the right perspective is likely to be lost sight of in the usual routine of managing the branch; (6) it is also found that many of these borrowers require assistance in the form of advice on efficient modern tools, better design of the product, improving their skill, better marketing facilities; and (7) it further revealed that normal banking hours and procedures do not suit these categories of people.

#### MULTI-SERVICE AGENCY

Bank of Baroda, therefore, analysed all these factors associated with this category of borrowers and evolved a model of an organisation which would enable the Bank to carry on these activities in an atmosphere which encourages innovations, formulation of ideas/schemes and enables loan to be disbursed and serviced without being tied-up with normal branch routine. This model organisation evolved by Bank of Baroda is popularly known as Multi Service Agency (MSA) which operates as a separate branch in certain areas or as a branch within a branch or as a department of a branch in other areas. The novel characteristic feature of MSA branches is independent officers and clerical staff attached to these units who cater exclusively to this self-employed case of borrowers.

The Bank started the first Multi Service Agency Branch in Bombay in April, 1972. Since then, the Bank had 465 MSAs as on December, 1983 functioning all over the country in metropolitan, urban, semi-urban areas. The main features of the MSA are: (i) simplified banking procedures, (ii) assistance in filling up the application form, (iii) facilities for door-to-door collection of savings to the beneficiaries, assistance in marketing their products and the like, (iv) flexibility in approach is

introduced such that the branch can use its discretion within the minimum and maximum limits laid down, (v) specially trained staff is provided to guide the villagers for making maximum use of resources and facilities, and (vi) centralised data processing system is introduced so that very little work for the Kendras is left allowing them more time to concentrate on development work. No security, no guarantee for the loans, except the technical know-how and skill of the applicant, are taken.

Following MSA models are operating in the country:

1. Full-fledged Branch: It is opened in selected centres of Bank's lead districts and state capitals. A separate licence is to be obtained from Reserve Bank of India through Branch Expansion Department, Central Office, Bombay.
2. Cell Model I: It is located in selected Regional headquarters/ State capitals. Cell Model I is attached to the regular branches and are full-fledged departments with full complement of staff and a separate cash department.
3. Cell Model II: It is opened in headquarters of Lead Bank district. Cell Model II is attached to regular branches. It is a small section attached to Advances Department of the Branch.
4. Cell Model III or Rural Centre: It is preferably attached to branches in Lead districts. No separate set-up is given to the centre.
5. Cell Model IV This is identified and authorized by Regional Managers to adopt MSA procedures for lending to small borrowers up to a maximum limit of Rs. 10,000.

The number of Staff associated with the above MSA models is as under:

	Officers	Cash Collectors	Clerks	Staff
Full-fledged Branch	4	16	4*	2
Cell Model I	3	7	3	1
Cell Model II	1	1	2	—
Cell Model III	—	—	1	—

\*Including cashier.

All loans sanctioned under MSA are considered as Medium Term Loans and are meant for non-agricultural activities. The Bank has prepared over 405 MSA schemes for financing small borrowers for various

types of economic activities, like:

1. Self-employed persons—Cobblers, tailors, launderers, carpenters, repairers, undertakers, collectors of old newspapers, etc.
2. Retailers in vegetable, fruits, confectionery, grocery, paan-bidis, cigarettes, etc.
3. Transport operators—cycle-rickshaws, animal drawn vehicles, hand cart pullers, etc.
4. Business enterprises—tea stalls, restaurants, hair dressing saloons, etc.
5. Professionals like lawyers, chartered accountants, doctors, etc.

A maximum loan limit is fixed in the case of every activity. In no case, it exceeds an amount of Rs. 20,000. The applicant is called on an appointed day for an interview with the sanctioning authority who advises him of the decision taken. If sanctioned, the applicant will be asked to bring reference letters, professional certificates, photographs, etc., on a convenient day. Before disbursement, the disbursing officer verifies these documents. At the time of disbursement, two copies of the applicant's latest passport size photographs are obtained. One copy is affixed on the application form and another on the collector's card. A periodical inspection is carried out to ascertain the utilization of funds. A regular contact is also maintained to ascertain the progress made by the borrowers. Apart from the regular visits of each collector, sanctioning authority also visits the borrowers to study their problems and progress. Saturday is kept reserved for this purpose.

With a view to inculcating the habit of thrift and saving among these classes of borrowers and to avoid the burden of paying loan instalments in one lumpsum, the borrower is asked to open a Savings Bank Account with an initial deposit of Re. 1. The loan amount is credited to this account and the borrower is allowed to draw money from the Savings Bank Account and also asked to deposit a portion of his earning in this account.

Specially trained staff called Cash Collectors would also call on the borrowers to collect repayment instalments. The receipt for collection is in the form of stamps specially printed in different colours and in different denominations. These stamps are affixed in the Pass Books kept in the custody of the borrowers. Most of the borrowers, being illiterate, will come to know how much amount they have paid to the Bank from these coloured stamps. As far as the collection of instalments is concerned, special staff is appointed in consultation with Regional Office for a cluster of borrowers. For the purpose of arriving at the monthly instalment, total interest due is added to the principal amount.

## ORGANISATIONAL ASSUMPTION: FUTURE OF MSAs

In the immediate perspective the question is to reorganise MSAs as part of the future pattern. Should there be a process of assimilation so that, for example, after a transitional period, only Gram Vikas Kendras (GVKs)\* remain, save in a few exceptional contexts?

In other words, should the two models (GVK and MSA) be assimilated into one or remain separate? The answer to the above question is given below partly in the shape of suggestion and partly as 'assumption', the latter, being based on the thinking which has already to some extent crystallised in the Bank and with which, after discussion, we find ourselves in agreement. The existing MSAs, in fact, fall into two very unequal categories. There are 35 MSAs which are situated in the very heart of big cities and metropolitan areas. These 35 may be treated as a class apart in that they will be exclusively concerned with Urban Business. All the other MSAs together with GVKs add up to 685 (*i.e.*, 280 GVKs plus 405 MSAs). These 685 are envisaged as concerned (either presently or potentially) with either rural business or both rural and urban business. It is suggested that the former category of 35 be classed permanently as such (*i.e.*, not to be converted to and embark on positive programmes/projects); for the development of artisans/entrepreneurs, etc. So far as the other category of 685 is concerned, of which as many as 405 are at present classed as MSAs, it is suggested that a process be initiated whereby the MSAs are converted into GVKs, gradually.

## ROLE OF MSA IN EXCLUSIVELY URBAN METROPOLITAN AREAS

There is need for the adoption of a project approach by the Bank as part of the developmental role of the 35 MSAs which have been assumed to be situated in exclusively urban/metropolitan areas. It happens to be the case in most of these instances that the area of operation is theoretically very large, though for practical purposes it is confined to a few municipal wards comprising a sizeable population of artisans and entrepreneurs belonging to the poorer sections of society. It is suggested that the 'project' of socio-economic development, in respect of which the MSA in question assumes full developmental leadership (which includes lending, but goes beyond it to functions such as guidance, coordination with other organisations, etc.), should take up identifiable groups of artisans/entrepreneurs and specialise in promoting their economic growth and welfare, while at the same time not ignoring

\*With the encouraging experience of MSA experiment, the Bank introduced Gram Vikas Kendras to meet the financial requirements of rural poor. Whereas MSAs provide loan for non-agricultural activities, GVKs finance both agricultural and non-agricultural activities. In other words, GVKs performs the functions of MSAs also.

altogether individual applications for loans from members of other groups or professions. More specifically, each such MSA should, in regard to its specialised task of local development, take a series of steps such as the following:

- (i) Study/survey of the relevant MSA area with reference to the preponderance of different classes of weaker sections, *e.g.*, scheduled castes/scheduled tribes, artisans/craftsmen, small traders, professionals, etc.
- (ii) Selection of the classes of weaker sections for intensive development with reference to priorities formulated by the Bank in the light of its own past experience; current government or municipal programmes; local needs and demands, future market trends, etc.
- (iii) Identification of the particular activity/activities of the class/classes selected above in respect of which project lending, project guidance and project help would be of material assistance to the artisans/entrepreneurs concerned.
- (iv) Survey of the skills, aptitudes and requirements of the selected class/classes, including training.
- (v) Examination of the available socio-economic overheads and infrastructural facilities *vis-a-vis* those required for the intensive development of the identified activity/activities.
- (vi) Formulation, implementation, monitoring and evaluation of a series of micro-projects, each centering on a particular class/group of artisans/entrepreneurs pertaining to the poorer sections of society.
- (vii) Besides giving its leadership, guidance and banking support in different ways, the Bank will make every effort to optimise the cooperation/assistance available from other relevant institutions/departments including the Municipality or Municipal Corporation, State Government, etc.

#### FORMULATION, IMPLEMENTATION, MONITORING, AND EVALUATION

Where micro-projects for intensive development are concerned, more than one methodology has to be put into use—the participative and case study methods, for example, besides that of statistical survey—at almost all the stages from initiation to completion of the project. The larger the proportion of the weaker classes and smaller producers in the ‘project population’, the greater the need for direct participative methods (as distinguished from random sampling methods) of ascertaining facts, needs and perceptions relevant to formulation of the

projects as also, later, to its implementation and concurrent monitoring and evaluation. There has to be, on the part of project leaders and coordinators, considerable receptivity to the developments as they take place a great deal of readiness to modulate programmes and procedures in consonance with emerging requirements. The flexibility of attitude thus required can be partly acquired by training. But in any case it is in total contrast to the rigidity with which uniform problems of development are imposed from above and bureaucratically pursued for statistical results.

## TRAINING

Training, as an essential ingredient of the Bank's developmental role, is pertinent in the present context to a number of hierarchical levels from the MSA Incharge, for example, to the Regional Manager concerned, to specify only one important range of the functionaries involved. The content of the training would, of course, be different at different levels.

### *Training of MSA Staff*

All the staff including officers and clerks of the MSAs may have to be trained in a phased programme intensively for a sufficiently long duration, say 3 to 4 weeks, at the Regional Training Centre. The objective of this training programme is to impart the necessary knowledge in respect of the whole range of MSA concepts with particular emphasis on the functions and aims of the type of MSA with which the trainees are at the moment concerned.

The broad content of the training programme would centre around topics like: (i) MSA concepts; (ii) strengths and weaknesses of existing MSAs; (iii) urban environment and urban development programmes for which MSAs are set up; (iv) lending policy methods and system including documentation; and (v) formulation, implementation, monitoring and evaluation of micro-projects for which different methods would be employed including: (a) discussion or actual case studies by collecting data from the existing schemes, and (b) developing projects by visiting localities and discussion with the families. The programme would include a field visit of 4 to 6 days so as to enable collection of data for formulating schemes.

The training programme would cover all the officers and clerks who have to operate at the MSA level and have to perform specific tasks for which they have been posted. The effectiveness of the training would be closely monitored by the Regional Office as also by the Human Resource Development Department with headquarters at Baroda.

### *Workshop for Regional Manager*

A briefing session for three days in the form of a workshop may have to be conducted for the Regional Managers attached to the Regional and Zonal Offices. Here the objective is to discuss how best the Regional Office can effectively monitor the working of the MSA and assist in improving their working. The discussion should, among other things, lead to an appreciation of the positive and constructive role of the Regional Office in fully harnessing the important infrastructure created by the Bank. There would also be detailed interchange of views on aspects such as formulation, implementation, monitoring and evaluation of projects.

### *Training for 'Beneficiaries'*

Brief meetings, workshops or training courses for the people (so-called 'beneficiaries') involved would be very necessary for the fruitful pursuit of the developmental activities involved in the Bank's project or projects. Discussion at such meetings should be intimate and informal so as not only to create awareness of development but also to bring out, from the people themselves, their perception as regards the exact aims and specific means of the developmental effort relevant to their particular situations. The participants in such discussions/workshops should be selected with care from different groups including knowledgeable people and, of course, the Bank officials themselves.

## COST EFFECTIVENESS

As relevant to the cost effectiveness of MSAs, two main points may be mentioned:

- (i) By insisting that the MSA should in practice (and not only on paper) be an integral part of the branch, with the Branch Manager being actively involved in supervision, etc., a number of economies can be effected including reduction in the 'overdues' on management and supervision.
- (ii) Proper formulation and implementation of Bank's projects is the best guarantee for optimum turnover in terms of business and minimum loss by way of defaults and overdues.
- (iii) By rationalising travel inside and outside the project area, much expenditure can be saved.

## DEFAULTS AND OVERDUES

It is generally observed that a large number of families are added periodically to the list of existing defaulters. In many of these cases, loan and subsidy are not properly matched with means and know-how

whereby assets can be upgraded or income increased. This is the prime reason for overdues under the present developmental programmes. The remedy is obviously to restore the productive 'project' element into the lending process, without taking away from that process the important element of emphasis on the weaker artisans and poorer labourers. In all these instances, the Bank's function is to seek to bring about incremental income, not incremental indebtedness. The main direction in which the overdues burden can be lightened, therefore, is to seek to enlarge the sphere in which urban banking is productive for the small and the poor and not merely for the big and the rich.

To elaborate some of the points which arise in this connection, it is suggested that attempts should be made to: (i) follow improved methods in the selection of borrowers, (ii) remove deficiencies in the processing of loan applications, lending procedure, disbursement procedure and supervision of end-use of credit, (iii) apply effective supervision and follow-up, (iv) make all efforts to raise incremental income of borrowers, and in general, (v) pursue those among the Talwar Committee recommendations which are relevant in this context.

#### INFORMATION SYSTEM

While it is true that MSAs are engaged on developmental banking, the need remains, in respect of them as of the rest of the banking organisation for an efficient Management Information System. There is, of course, a great deal of statistical detail, in respect of individual programmes as also of different sub sections of the priority sector, which the banks have periodically to supply to the Government and Reserve Bank.

From the Bank's point of view, however, the duty of supplying the prescribed statistics to the notified authorities is not by any means the sole or main responsibility to be discharged. At different decision-making levels as for example, region, zone and Central Office, adequate information has to be supplied at appropriate intervals to enable discharge of the managerial responsibility at each level.

#### *Coordination: External*

If the framework of information suffers from a communication gap, the framework of implementation suffers from a coordination gap. In fact, there are several such gaps, some of them internal to the Bank's own organisation and some external to the Bank and internal to the project or programme sought to be formulated. The external gaps pertain to governmental, institutional, voluntary, private agencies, if any, operating in and around the area of activity represented by the project. In addition to, and different from all these types of coordination, is of

course, the coordination that has to be effected with the project population: producers, workers, labourers, unemployed and so forth.

*Coordination: Internal*

Within the bank itself, there are different roles at different levels, the coordination of which both horizontal and vertical, is of course important from the developmental point of view.

*Central Office:* It is needless to say that the most crucial of these roles is that of the Central Office. It is the source from which, in terms of the whole organisation, plans are formulated, development is pursued, innovations effected, guidelines issued and supervision exercised.

*Zonal Office:* It has an important role in which it is expected to monitor the progress in terms of guidelines laid down by the Central Office and provide feedback to it.

*Regional Office:* From the view points of both administration and supervision, the hierarchical authority immediately in charge of State-wise groups of MSAs is the Regional Office. It is expected not only to supervise, but support, guide and coordinate the operations of MSAs in its jurisdiction.

*Branch Office:* It is the responsibility of the Branch Manager to pursue the objectives of the MSA and, to the extent possible, fulfil the targets of constructive lending laid down by the higher authorities.

*Lead Bank Officer:* At the district headquarters, a Lead Bank Officer is located as a roving ambassador of the Regional Manager for implementing Lead Bank schemes. In order to fulfil his role effectively, the Lead Bank Officer should guide and assist the MSA in its operations, ascertain the problems and understand the issues involved, and discuss them with the Regional Manager with a view to suggesting solutions

## CONCLUSION

Banks, like individuals, have personalities, individualities and 'leadership' qualities. The more important the Bank, the more distinct its individuality and the nature and direction of its leadership. These differ from bank to bank, for they are a function of past history and background; area, size and range of operations; and, above all, the quality, vision and innovativeness of those who have been at the helm in the past, as well as of those who have helped to man the institution. Different heritages, all of them valuable, have been passed down to different nationalised banks. Innovative leadership in the agricultural sector, small industry and extension of banking to other countries, to mention only a few instances, are among the initiatives and opportunities inherited by the Bank of Baroda. National programmes of urban

development, with which banks are today closely associated, must be regarded as enlarging the opportunity without diminishing the initiative. Apart, therefore, from participating in the national endeavour, the Bank owes it to itself, to exercise its leadership and promote its own development aims in all appropriate contexts. The most appropriate of such contexts are those where the standards of developmental banking can be maintained and its methodologies evolved; the quality of results—as distinguished from the merely quantitative—can be ensured; and, above all, better incomes and a better life can in reality be brought about for the poor. It is around the concept of such leadership, associated with the Bank of Baroda, that the recommendations in this paper have been discussed, formulated and put forward. □

# *Development of Non-Municipal Towns in West Bengal\**

ABHIJIT DATTA

THE PROBLEMS of developing non-municipal towns have been analysed in India primarily from the point of view of planning regulation through development control. While this is relevant as a measure of prevention of unplanned urbanisation, in the Indian situation the more critical area of concern is the financial viability of these growth centres to sustain their development and subsequent maintenance of civic services.

The present paper examines the twin concerns of development regulation and strengthening local fiscal capabilities in the context of non-municipal towns of West Bengal through: (i) identification of their problems, (ii) alternative institutional approaches, and (iii) innovative local fiscal arrangements. A concluding section summarises the main thrust of the paper.

## IDENTIFICATION OF PROBLEMS

The 1981 Census identified 157 non-municipal towns between population ranges of 5000 to less than 100,000 among the four urban size-classes as shown in Table 1.

It may be noticed that the largest concentration (55%) of non-municipal towns are within the four districts of Nadia, 24-Parganas, Haora, and Hugli, largely falling within the jurisdiction of the Calcutta metropolitan area. Similarly, the non-municipal towns in the Bardhaman district (14%) largely fall within the jurisdiction of the Asansol-Durgapur development area. The other two urban areas in the State, viz., the Siliguri-Jalpaiguri development area and the Haldia development area do not cover substantial number of non-municipal towns as yet.

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TABLE 1 NUMBER OF NON-MUNICIPAL TOWNS BY SIZE-CLASSES IN WEST BENGAL, 1981

<i>District</i>	<i>Class II</i> (50,000- 99,999)	<i>Class III</i> (20,000- 49,000)	<i>Class IV</i> (10,000- 19,999)	<i>Class V</i> (5,000- 9,999)	<i>Total</i>
Koch Bihar	—	—	1	—	1
Jalpaiguri	1	2	4	3	10
Darjiling	—	—	1	1	2
West Dinajpur	—	2	—	3	5
Maldah	—	—	—	1	1
Murshidabad	—	—	4	1	5
Nadia	—	2	4	2	8
24-Parganas	2	7	18	11	38
Haora	1	2	15	11	29
Hugli	—	—	4	8	12
Medinipur	1	—	3	2	6
Bankura	—	—	1	1	2
Paruliya	—	1	2	2	5
Birbhum	—	—	1	—	1
Bardhaman	2	—	17	13	32
<b>TOTAL</b>	<b>7</b>	<b>16</b>	<b>75</b>	<b>59</b>	<b>157</b>

SOURCE: West Bengal (ILGUS), *Urban West Bengal, 1986*, Calcutta, 1986.

It would be interesting to observe the rates of growth of the municipal and the non-municipal towns together within the same urban size-classes in West Bengal, as presented in Table 2. The largest concentration of non-municipal towns occurs in Classes IV and V, which also exhibit the dual phenomena of slow growth (below 10%) as well as high growth (50% and above). Obviously, it is the rapidly growing non-municipal towns which need the necessary institutional means to regulate their growth and to finance civic services. Table 3 illustrates the various types of urban clusterings within the Calcutta metropolitan area needing new institutional arrangements.<sup>1</sup>

#### INSTITUTIONAL APPROACHES

The twin institutional approaches indicated to tackle the problems of rapid urbanisation of the non-municipal towns in West Bengal are: (a) coverage by the metropolitan/urban development areas, and (b) extension of municipal legislation through partial annexation, or creation of

<sup>1</sup>For a similar approach see Mohit Bhattacharya, *Rural Self-government in Metropolitan Calcutta*, Bombay, Asia Publishing House, 1965.

TABLE 2 NUMBER OF MEDIUM AND SMALL TOWNS BY SIZE-CLASSES AND RATES OF GROWTH IN WEST BENGAL, 1986

Growth Rate Per cent (1951-61)	Class II			Class III			Class IV			Class V			Total		
	Municipal	Non-municipal	pal	Municipal	Non-municipal	pal	Municipal	Non-municipal	pal	Municipal	Non-municipal	pal	Municipal	Non-municipal	pal
Less than 10	3	2		2			2						7		66
10 — 19	4	2		3	1		2	3		2	4		11	10	
20 — 29	13			10	4		4	7		2	4		29	15	
30 — 39	9	1		10	3		4	14		1	5		24	23	
40 — 49	4	1		4	2		1	4		1	2		10	9	
50 — 59	1	1		2	3			7			1		3	12	
60 — 69	1			1	1		1	2			2		3	5	
70 — 79								3						3	
80 — 89								2			3			5	
90 — 99				1	1			2					1	3	
100 and above				2	1			5					2	6	
TOTAL	35	7		35	16		14	75		6	59		90	157	

SOURCE: As in Table 1.

notified area authorities. These approaches are explained below:

#### *Development Control*

Although West Bengal already has four designated development control areas, only in metropolitan Calcutta and in greater Asansol-Durgapur we notice significant evidence of urbanisation. Therefore, efforts are needed to regulate future urban growth in these two areas through development control and planning regulations under the West Bengal Town and Country Planning Act, 1959. There are some urban clusterings in these areas spilling over the existing jurisdictions of the development authorities (e.g., Category C in Table 3) where suitable boundary adjustments may be needed; however, isolated urban growth outside these development areas may not be critical for urban development purposes. What is needed is to consolidate the urban growth within designated development areas through regulation and investment in infrastructure by the development authorities. A selective approach towards urban development would promote a level of densification necessary to justify area-wide urban development projects.

#### *Partial Municipalisation*

There is a need to forge an institutional link between the activities of the development authorities and their implications for civic services in the non-municipal towns through building bye-laws, maintenance of urban infrastructure, and provision of civic services. Outright municipalisation of many of these non-municipal towns may not be quite feasible due to their inadequate fiscal base. If a minimum per capita domestic income of Rs. 10 for an urban area of 10,000 population is a necessary condition for according full-fledged municipal status, as suggested by the West Bengal Municipal Finance Commission (WBMFC, 1982), then it will take a very long time for the non-municipal towns in West Bengal to be fully municipalised. However, one could think of an intermediate solution for these towns, viz., (a) partial municipal annexation, or (b) notified area status. A municipal outgrowth could be annexed, but its budget may be kept separate as long as the additional revenue from the annexed area does not reach the level of per capita domestic revenue of the parent municipal body. It would mean that until the municipal outgrowth is fully integrated with the parent body, it will be provided with a lower package of municipal services which can be sustained by the lower revenue it would generate.

In the case of a notified area authority also until it meets the total population, density, occupation, and income criteria for municipalisation, full-scale municipal status may not be granted. It would mean accepting a lower standard of municipal services for those towns which are yet to be fully viable for municipal purposes. The corollary of

declassifying many of the existing municipal towns to the status of notified area authorities also needs to be considered.

If this approach of financial viability is accepted for the notified area authorities then it is possible to excise the large undeveloped areas in Kalyani, Gayeshpur and Durgapur from the notified area jurisdictions and place the development control powers squarely over the excised areas on the development authorities. New notified areas could be created when some of these excised areas develop denser urban characteristics. Meanwhile, it is the responsibility of the development authorities to adopt measures for their overall urban development at a place for which the local population is willing and able to pay.

#### FISCAL ARRANGEMENTS

##### *Deficiencies of Property Tax*

The crucial issue now is to identify a suitable tax base for the municipal outgrowth and the notified area authorities. The property tax is presently the only available tax source for the urban local authorities in West Bengal. The tax is inelastic, partly due to the operation of the rent control legislation, but also due to an ineffective valuation process and inefficient collection. Also a very small proportion of the urban population (between 12-15 per cent) actually pay the tax. There is no correspondence between the beneficial occupation of residence and the tax. In all, a very small section of the local voters actually pay any direct tax with the result that the rate-payers do not have any effective voice in the local expenditure decisions for various civic services.

##### *General Service Charge*

There is, therefore, a need to identify a suitable tax which establishes a direct nexus between local taxation and the outlay on general civic services. Such a tax could be regarded as a general service charge to be levied on all occupiers of holdings in proportion to the actual usable floor area under each household having separate access and hearth. *Bustees* and lodgings would thus be treated as single units for tax purposes.

##### *Optional Poll Tax*

Indigent assesseees would have the option to opt for a *poll tax* through labour contribution on all able-bodied male adult members of a household. The local works programmes are to be redesigned and phased in a manner to ease collection of such a poll tax. The operation of the general service charge and the poll tax will cover all local voters or tax purposes.

It may be noted that the recent British proposal to substitute domes-

TABLE 3 ILLUSTRATIVE CLUSTERINGS OF NON-MUNICIPAL TOWNS WITH PROPOSED INSTITUTIONAL ARRANGEMENTS IN THE CALCUTTA METROPOLITAN AREA, 1981

Category	Characteristics	Town Details			Institutional Arrangements
		Name	Population (000)	District	
A.	Non-municipal (NM) towns growing with adjoining municipal (M) towns	1. Bally (NM)	55	Haora	Partial Municipal annexation
		Bally (M)	148	"	
		2. Panchur (NM)	51	24-Parganas	
		Calcutta (M)	3288	"	
		(Garden Reach)			
		3. Madhyamgram (NM)	48	"	
		Nahapally (NM)	32	"	
		Baraset (M)	69	"	
B.	Non-municipal towns growing in clusters with each other	1. Andul	4	Haora	Notified area authority
		Banupur	12	"	
		Jhorhat	19	"	
		Manikpur	15	"	
		Sankrail	19	"	
		Sarenga	17	"	
		2. Bauria	12	Haora	
		Burikhal	7	"	
		Fort Gloster	27	"	

3. Batanagar 18 24-Parganas  
Nangi 54 "

C.	Non-municipal towns growing in clusters in Calcutta metropolitan area both within (CMAW) and outside (CMAO)	1. Chengali (CMAW)	24	Haora	1. Extension of CMA; future municipal annexation
		Bani Table (CMAO)	9	"	2. Extension of CMA; future notified area authority
		2. Mahiani (CMAW)	9	"	
		Nibra (CMAW)	13	"	
		Kalara (CMAO)	15	"	
		Domjur (CMAO)	11	"	
D.	Non-municipal towns growing in isolation	1. Deulpara	33	24-Parganas	Future Notified area authority
		2. Nabagram Colony	18	Howrah	

tic rating by a community charge through a poll tax on all adult members of a household<sup>2</sup> comes very close to our proposal, except that the poll tax component is made optional in our situation for payment in kind by the indigent able-bodied male residents. The equity aspect of the tax is thus more pronounced in our proposal in view of the inadequate coverage of social security in our situation.

### *Specific Fees and Charges*

A general service charge, or a poll tax in lieu thereof, could be in addition to the specific *fees and charges* imposed separately on various local services for which a *quid pro quo* could be established. Even though the prospects on this score may not be too bright, the option needs to be explored.

Necessary legislative changes and administrative arrangements are needed to introduce the general service charge and the poll tax proposals; if these succeed, then the existing municipal property tax could be replaced through these taxes. In case of reasonable success with these new taxes, one could see some hope of refashioning the tax structure of the rural panchayati raj institutions on the same lines in future.

### CONCLUSION

Development of non-municipal urban areas should be approached primarily from the angle of local financing of civic services in terms of their capital outlay and annual maintenance expenses. Planning control could be exercised by specially designated development authorities in areas of urban concentration or rapid urbanisation. Even when the development authorities undertake investment projects, their eventual financing must come from the concerned local bodies, covering the non-municipal urban areas. It is, therefore, necessary to consider innovative organisational and fiscal arrangements for the non-municipal towns so that these are not seen as black-holes of urban services to be financed mainly from external sources. A self-financing approach to urban development is thus relevant for both the municipal and the non-municipal towns in West Bengal, as it is in other parts of the country. □

<sup>2</sup>UK, *Paying for Local Government*, London, HMSO, Cmnd. 9714, 1986.

# *Inter-Organisational Coordination in Urban Development: Some Issues*

D. RAVINDRA PRASAD  
and  
V. GNANESHWAR

THE CONCEPT of local governance is based on the assumption that there are certain human needs having direct bearing on the lives of the individual and the community as a whole. And such needs can be better fulfilled by a government to which the individual and local community have easy and direct access. Thus, certain civic functions like water supply, sanitation, public health, street lighting, etc., and regulatory functions like issue of licences, control over offensive trades and regulation of building activity which are vital for the healthy civic life were entrusted to the democratically constituted local bodies.

With the advent of industrial era, urban areas have undergone drastic and multiple changes. In the absence of any well conceived urbanisation policy and strategies for urban growth, the primate cities expanded rapidly and disproportionately.

The influx of rural migrants into select urban centres had put the civic administration under tremendous pressure; their managerial inadequacies were exposed bitterly. The demands of mere scale, efficiency and technology of urban service system have compelled the higher level governments to opt for specialized organisations. This marked the era of specialization resulting in problems of inter-institutional coordination. In this paper, an attempt is made to examine the intricacies of inter-organisational relations in the light of Hyderabad experience.

## THE METROPOLIS OF HYDERABAD

Hyderabad, a borne city, was founded by Mohammad Quli Qutub Shah, the fifth ruler of Golkonda in 1591 A.D. Since then, the city has been the seat of governance for successive rulers—Qutub Shahis and

Nizams, and after Independence to the states of Hyderabad and Andhra Pradesh. Another unique feature of Hyderabad has been its twin-city nature, *i.e.*, Hyderabad and Secunderabad. The Hyderabad city was developed in the southern bank of the river Musi and the Secunderabad city developed near the British Cantonment towards north of Musi. The construction of Chaderghat and Afzal Bridges in 1833 and 1851 respectively, introduction of railway and increased politico-administrative activity on the northern part of the city accelerated the growth which ultimately integrated Hyderabad and Secunderabad not only in geographical terms but also in politico-administrative aspects.

With the formation of Andhra Pradesh in 1956, the city blossomed into a blooming metropolis. It attracted large industries like IDPL, BHEL, HMT, ECIL, Hindustan Cables Limited, Warner Hindustan Limited, etc., and a host of public and private business. Further, the city became centre for learning and technological innovation with the establishment of universities and institutions of higher learning apart from a host of research and training centres like RRL, NGRI, Defence Research Labs. and NIRD.

In tune with the multi-dimensional expansion of the city, the population also increased. The pace of increase has been rapid in the post 1961 period. For instance, the population of Hyderabad increased from 4,48,466 in 1901 to 12,51,119 by 1961. But by 1981, the population increased to 21,50,058 and it is expected to touch the figure of 35 lakh by 1991.

With the rapid expansion of the city during the last two and a half decades, the civic administration is put to tremendous pressure. Unprecedented shortage of water, overflowing drainage lines, fast deteriorating sanitation, traffic congestion, shortage of housing, slums, etc., have become order of the day. Haphazard expansion of the city in and around the municipal limits created planning problems. Ribbon development took place along the Bombay National Highway and Vijayawada National Highway. In the former case, it was due to industrial expansion and in the latter case, it was due to housing expansion. In order to arrest haphazard growth and regulate the development in the desired direction the Hyderabad Urban Development Authority (HUDA) was constituted on October 2, 1975 under the Andhra Pradesh Urban Areas (Development) Act, 1975 extending over 634.15 sq. miles. Apart from the Municipal Corporation of Hyderabad (MCH), the jurisdiction of HUDA extends into more than half a dozen municipalities and a host of gram panchayats.

#### ORGANISATIONAL FABRIC OF HYDERABAD METROPOLIS

As already stated, urban/metropolitan regions are characterized by

different types of organisations, namely,

- (a) organisations involved in industrial development;
- (b) organisations concerned with the issues of civic administration and managing urban development; and
- (c) those agencies which have either single or multi-functional character providing infrastructure for the city's growth and development.

In the Metropolis of Hyderabad, there are several organisations concerned with industrial development, namely, Andhra Pradesh Industrial Development Corporation (APIDC), Andhra Pradesh Industrial Infrastructure Development Corporation (APIIDC), Small Scale Industries Development Corporation (SSIDC), etc. Though, their jurisdiction is the entire state, they have their headquarters in Hyderabad contributing to the industrial development of the city. For the management of the city and its development, there are Municipal Corporation of Hyderabad, few municipalities, a number of gram panchayats, Hyderabad Metro Water Works, Hyderabad Urban Development Authority (HUDA) and Quli Qutub Shah Urban Development Authority (QQSUDA). Finally, there are a number of institutions—both state level and central level, providing infrastructure for the growth and development of the city, namely, Andhra Pradesh State Road Transport Corporation (APSRTC), Andhra Pradesh State Electricity Board (APSEB), Andhra Pradesh State Housing Board (APSHB) under state sector and South Central Railway, Post and Telegraphs, Defence Establishments, etc., under the central sector. These institutions enjoy monopoly to plan, organise and manage the services within their territorial jurisdiction. Urban development is inconceivable without their proper support and active participation.

In India, there is a steady onslaught on the powers and functions of the democratically constituted civic bodies. Their power and resource structure is being eroded under one pretext or the other. On the other hand, either specialized agencies are created or existing state level agencies are entrusted with the various tasks of urban development. Thus, a perceivable shift is taking place in urban scenario wherein major development responsibilities are put on the shoulders of the bureaucratic or semi-political organisations undermining the local democratic bodies. For instance, the Municipal Corporation of Hyderabad was denied the basic civic function of water supply ever since its inception in 1932. In the Hyderabad area, water supply system was with PWD (R & B) and it was transferred to Public Health Engineering Department in 1974 and finally to Hyderabad Metropolitan Water Supply and Sewerage Board in 1982. There was a move to transfer the sewerage part also to

this Board from the civic body but for strong opposition from the civic body.

The street lighting is another basic function of a civic body. But this function was transferred to the State Electricity Board, when modern lighting was introduced in Hyderabad in the 1970s. It was thought the MCH lacked adequate expertise to maintain it. But the Electricity Board authorities feel that it is thrust on them without providing for additional staff and hence a burden. However, in Secunderabad area, the maintenance part of water works were under the control of the MCH till 1975.

When the Hyderabad Urban Development Authority was established in 1975, the entire planning functions were transferred to it from the MCH by amending the MCH Act for effective functioning of the HUDA. There was uproar in the Municipal Corporation at that time and it led to wide criticism. The struggle for planning powers between the MCH and HUDA created tense environment in their functioning and ultimately, part of the city planning functions were delegated to MCH. The MCH is presently responsible for sanctioning lay-outs for all uses and issue of building permissions up to first floor. The multi-storied building permissions are again referred to HUDA wherein a separate committee is constituted for their clearance. The HUDA, however, retained the major land-use regulation.

The re-development works in the inner or walled city areas are entrusted to the newly constituted Quli Qutub Shah Urban Development Authority. Thus, the MCH is a typical civic body which has lost important civic functions under one pretext or the other. The MCH thus, is confined to limited areas of civic services like maintenance of public roads, sanitation, disposal of solid waste, slum improvement, and sewerage and drainage works wherein it maintains the present system and executes development works.

#### INTER-AGENCY COORDINATION : SOME ISSUES

In an age of specialization, the operational conflicts at inter-organizational level become professionalized. Each organisation in the present urban system operates under various constraints—expertise, resources and political, and compete with others for sustenance and growth. In the process, inter-organisational conflicts crop-up. The areas of influence and counter-influence assume significance. The functional overlapping and bureaucratic tendencies are the main causative factors for tensions among various agencies in urban areas.

In Hyderabad, the Municipal Corporation of Hyderabad, the Hyderabad Urban Development Authority, the Andhra Pradesh Housing Board, and a host of state level organisations like the Andhra Pradesh

Weaker Sections Housing Corporation, Andhra Pradesh Police Housing Corporation, Industrial Workers Housing Corporation, Andhra Pradesh SCs and STs Housing Corporation, etc., are engaged in housing activity. As the main funding agencies are same, *i.e.*, state and central governments, LIC and the HUDCO, competition for more resources become inevitable. The funding agencies are put to embarrassing situation sometimes in meeting these competing demands. Further, municipal and other local bodies and HUDA have to regulate the housing activity as per land-use regulations. Thus, in a single activity like Housing, a number of local, state and central level agencies are involved, and they have to function in a coordinated manner.

Urban planning is another area where the interests of different organisations are involved. The advent of urban development authorities has contributed to planning conflicts in urban areas. The role of the civic bodies is relegated back as vital planning functions like land use control are entrusted to urban development authorities. In Hyderabad, the entire planning functions of the Hyderabad Municipal Corporation were entrusted to the Hyderabad Urban Development Authority which led to conflicts between these organisations. The Gram Panchayats in the Hyderabad metropolis also were placed in a similar situation. The rising discontentment among these civic bodies compelled the state government to restore certain planning functions through delegation only.

Organisational priorities, rules and regulations and professionalism among specialist organisations are afflicting the field level functionaries. Each functionary perceives the field level issues in his own organisational background and his attitude often becomes parochial restricting his decisional powers. The following illustration reveals these trends.

The HUDA has developed certain areas as housing colonies at Vanasthalipuram, but their maintenance is an unsettled issue. The task can be entrusted to local bodies including the MCH only by mutual agreements. Though the local panchayat is collecting property tax under the Andhra Pradesh Gram Panchayats Act, no service is being rendered by it. Instead, the HUDA is providing the services like water supply and street lighting and collecting development charges. The residents are thus put to double taxation, *i.e.*, they have to pay property taxes to the panchayat and development charges to the HUDA. The fact is that the panchayat has legal right to levy taxes. But one cannot move to court and compel the local bodies to perform certain basic functions like sanitation, street lighting and water supply. On the other hand, the HUDA has developed infrastructure and is maintaining it. Hence, it is lawful to it to levy development charges. Thus, both these organisations are legally on sound bases. The problem cannot be solved under the present statutory limitations until either the organisations come to terms or government intervenes. Normally, the main-

tenance responsibility rests with the local body. But the local body in this case has taken shelter under inadequacy of expertise and the HUDA is burdened with the problem of maintenance. In the meantime, a municipality, *i.e.*, Lalbahadur Nagar Municipality is constituted in 1986 covering the above housing complex and nearby areas. The working arrangement between HUDA and this Municipality is yet to be worked out.

The role conflicts exist between the MCH and HUDA as well. The following case will elaborate the point.

In Secunderabad area one person wanted to put-up a pan shop on the municipal land. He applied for permission to MCH. The MCH authorities referred the case to HUDA as it was a recreational area. The HUDA authorities took almost a year to say 'no'. The person concerned brought pressures and the case was again referred to the HUDA by MCH. The HUDA permitted with a number of restrictions which the person could not satisfy. Ultimately, the MCH has leased-out the municipal land to the person and permitted him to put-up a pan shop. The HUDA has to keep silent afterwards. This incident shows the bureaucratic attitude of the HUDA which is charged with responsibility of coordination which has led to unnecessary delays ultimately affecting the interests of the common man adversely.<sup>1</sup>

At the higher levels, formal arrangements are made for coordination. For instance, the Government of Andhra Pradesh has constituted the State Council of Science and Technology to advise the Government on scientific and technological development which is considered to be a pioneering effort for integrated development. The Council came into existence in November, 1985, as an autonomous body. Eight sectoral committees have been constituted focussing on different areas of development. One such committee is on Public Utilities and Human Settlements. The committee not only reviews various urban and rural development projects but also acts as think-tank to Government in evolving suitable human settlement and utilities policies. A number of suggestions are being made to overcome various execution and coordination problems at various levels.

The Boards of the QQSUDA, the Housing Board and the HUDA are represented by a number of other state level and local level organisations. The QQSUDA has also a Managing Committee to discuss inter-organisational problems. These measures may help in sorting out problems of higher order within the organisation but the crux of the inter-organisational problem is field level coordination. The inter-organisational conflicts become magnified and interpreted differently at these levels.

<sup>1</sup>This is purely based on personal interviews held with the officials of the agency concerned.

At present informal meetings are being convened by the Hyderabad Metro Water Works, and the Hyderabad Urban Development Authority with various operating units like the MCH, Housing Board, Electricity Board, APSRTC, PWD (R & B), etc. These informal meetings have no doubt held in sorting out inter-organisational problems. However, the implementation of the decisions taken in these meetings is left to the convenience of the organisations concerned. It is observed that even these meetings are held at heads of organisation level. The minor problems always escape attention of the higher level authorities. Hence, there is need for effective communications channel among the organisation involved at various levels so that the problems could be sorted out on the spot. For this purpose, ad hoc committees can be constituted involving the officers' concerned from development agencies concerned.

The pressing redevelopment problems of the old city led to the constitution of a unique Urban Development Authority, that is, Quli Qutub Shah Urban Development Authority (QQSUDA). The QQSUDA has limited jurisdiction over 12 wards (the area is also called Old City) wherein it takes up redevelopment works. On the other hand, the HUDA has a metropolitan wide jurisdiction and it has to perform overall planning, development and coordination functions. Interestingly, the composition of the HUDA reveals that it was accorded a lower position compared to the QQSUDA. For instance, the QQSUDA is headed by the Chief Minister and also involves the Minister for Housing, Municipal Administration and Urban Development. On the other hand, the HUDA is presently headed by a person who is an office bearer of the ruling party's city unit. Thus, the body having limited functions is given higher political status whereas the body which is statutorily armed with wide powers is given lesser political status thereby making the body less effective. It is well-known that in a democratic set-up political patronage plays vital role.

As a body responsible for the overall development of the Hyderabad metropolis, the HUDA needs not only better political status and support but also effective communication linkages with other development agencies, especially at operational levels. Functional Committees in specified areas like water supply, housing, traffic and transport, urban renewal, investment planning, land-use and building regulations, etc., can promote better inter-agency coordination and effective monitoring. But there is danger of these committees degenerating into bureaucratic and power centres thereby creating again coordinating problems within themselves. For instance, in Bombay, the Bombay Metropolitan Region Development Authority had constituted Functional Boards, viz., Water Resource Management Board, Transportation and Communications Board, and Urban Renewal, Housing and Ecology Board. Each board

comprised a Chairman, Member-Secretary and five to six members appointed by the State Government on the recommendations of the Authority. Majority of these members were specialists in their respective fields occupying important positions in the state and central government offices. But soon these functional boards created internal coordination problems as they enjoyed certain independent powers. Hence, these boards are replaced by a Management Committee. Functional Committees can be constituted with field level officials from concerned agencies in HUDA and the enforcement of decisions taken by them should be entrusted to the members concerned. And at the headquarter level, a management Committee can be constituted to guide the Chief Executive on various subjects.

At present, the financing of various urban development schemes is being done organisationwise, if functional coordination is to be achieved, the financial discipline in the form of a comprehensive investment plan is a prerequisite. This task can be entrusted to the HUDA. The Madras Metropolitan Development Project provides better example in this respect. The Madras Metropolitan Development Authority (MMDA) has prepared a comprehensive Urban Development Project with the financial assistance from the state and central governments and the World Bank. The Project is being executed by the MMDA through other established agencies like the Madras Municipal Corporation. The MMDA is monitoring its execution. Centralized financing and high level political and bureaucratic patronage has helped the MMDA in monitoring the project effectively.

People's participation is the backbone for the success of any development objective. Supersession of the Council of the Hyderabad Municipal Corporation for a long period (*i.e.*, from 1969 to 1985) has deprived the people of Hyderabad to represent their civic grievances in a democratic form. Though the Housing Board, HUDA and QQSUDA have four to five MLAs in their governing boards, their role cannot be as effective as the council of a civic body. The Council of the Municipal Corporation was revived only in 1986. In order to utilize the services of the voluntary organisations like the Lions Club, Red Cross Society, NSS, etc., and for effective community participation formal linkages can be provided with HUDA and other service organisations.

Lack of adequate information at various levels pertaining to urban development is another weak area potential enough to create misunderstanding and conflicts among the urban development agencies. Each organisation develops its own information system but it is not made available to other agencies for proper appreciation of one another's functions. Lack of information may also lead to ineffective decision-making and thereby affecting the pace of development process adversely. Hence, there is need to develop a centralized urban information system

embracing the areas like planning, housing, financing, civic infrastructure, industrial development, etc.

#### TOWARDS IMPROVING INTER-ORGANISATIONAL FABRIC

Sub-national problems of development have assumed complex dimension in the metropolitan regions the world over. The traditional approach of dealing with urban problem sectorally and in an isolated way has become demonstrably inadequate in meeting the twin tasks of development, *i.e.*, differentiation and integration. It was only during the Sixth Five Year Plan period, that some effort was made to evolve urbanisation policy at the national level.

With the spilling over of development activities outside the existing municipal boundaries, the rural-urban dichotomy has become meaningless and given rise to a new concept, *i.e.*, rural urban continuum. Urbanisation policy needs to be renamed as Human Settlement Policy in this context.

In Andhra Pradesh, Hyderabad is the only million-plus city. Till 1970s, the urban problems did not receive much attention. With the constitution of HUDA in 1975 efforts are being made to evolve an urban development policy for the Hyderabad Metropolis. However, the efforts of HUDA can be successful only when its policies and programmes are linked to state and central level policies which are still to be worked-out.

In the absence of consistent and integrated policy frame, the metropolitan growth assumed sectoral form and institutional fragmentation was inevitable. This has been a world-wide phenomenon, and various measures are being worked out to evolve a viable administrative system for the expanding metro regions. Initially, annexations and extensions of municipal limits were tried. But this was opposed by the affected local bodies. In the metropolises like Toronto and London, metropolitan governments are established with metropolitanwide functions like water supply, sewerage and drainage, transportation, etc.

In India also, annexations and extensions were tried initially. But there has been sharp reaction from the other local bodies. Moreover, this solution could solve the problem partially as a number of state and central agencies are also involved in the development of metropolitan areas. As an alternative, the urban development authorities are constituted in various urban and metrocentres in India. The organisation, functions and their role differ from city to city. If the Calcutta Metropolitan Development Authority and the Delhi Development Authority are concentrating on large-scale development activities, the Madras Metropolitan Development Authority has been mainly coordinating and monitoring various development projects. The Bombay Metropolitan

Region Development Authority is concentrating mainly on planning aspect. In Hyderabad, the Hyderabad Urban Development Authority is carrying out large-scale residential developments apart from planning function where as the QQSUDA is concentrating on re-development works. Further, the QQSUDA like the BMRDA is given higher political status compared to the HUDA. Their internal organisations also differ significantly. In the BMRDA, there was board type of sub-divisions which were abolished recently due to coordination problems. The BMRDA had two committees, *viz.*, Standing Committee and Executive Committee which were also abolished and a Management Committee is constituted. The other development authorities have less internal coordination problems as they are simply organised into divisions. None of these development authorities could establish functional linkages and achieve financial discipline. Consequently, they are not in a position to direct the other agencies towards integrated development. But the Madras Metropolitan Development Authority (MMDA) could get things done through other agencies mainly because higher level civil servants of the rank of Chief Secretary are made to associate with the MMDA.

In a metropolitan system, highly specialized and differentiated organisations operate simultaneously. Though their organisational objectives and programmes differ, they have a common interest in the development of the metropolis concerned. Conflicts and tensions are bound to occur between these organisations due to professional differences, organisational priorities, procedures and commitments. The experience shows that these conflicts get magnified and thwart the development efforts, if suitable measures are not taken in time.

There is no single solution to this problem of inter-organisational coordination. The solutions vary from direct contact between the officers concerned to an institutionalized system. The following solutions can be tried depending on the nature and complexity of the problem:

1. Providing for direct contact between the functionaries who share a problem.
2. If organisations are required to have a substantial amount of contact, liaison officers in the organisations concerned can be thought of.
3. A temporary task force with members from organisations concerned can be set up in case of time-bound projects.
4. If the inter-organisational problems assume complex dimension, an elaborate and sophisticated system is to be designed wherein formal linkages are provided among the major functionaries in

the specialized departments. A special integrating or coordinating agency like the urban development authority can be setup.

Though all these solutions have their own advantages, the institutionalized coordination mentioned lastly seems to be the appropriate one in the metropolitan regions.

In the light of the above, certain changes are inevitable in organisational fabric of metropolitan regions. Firstly, the status of the UDAs need to be enhanced by making the Minister for Urban Development as Chairman. All the local bodies, development agencies and all the MLAs and MPs from the Development Area and representatives of the voluntary organisations must find place in the UDAs. The major investments being made in various sectors must be routed through the UDAs. The UDAs instead of engaging in large-scale development activity, must concentrate on planning, programming, coordination and monitoring tasks. In this context, the UDAs must act as Data Banks or Urban Information Centres. Five-Year and annual development plans must be prepared while linking them to the state and central level plans. Efforts must be made to link fiscal and physical aspects of plans through programme budgeting system. The plans and programmes once approved by the UDAs and the higher level governments, must be made binding on the part of constituent agencies to adhere with. In this exercise, state and central planning organisations also must be involved actively.

The centralized planning and financing system can accord higher status to the UDAs in the entire metropolitan region. At the field levels, functional teams can be constituted involving the officers concerned in different areas for integrated and on the spot solutions. Such a reorganisation is inevitable for integrated development of the metro regions or else inter-organisational conflicts is likely to thwart any developmental effort making the urban life miserable. □

## *The Problems and Prospects of a Developing Capital Town: Bhubaneswar*

L.N.P. MOHANTY

THE CONCEPT of urban development as opposed to rural development implies development of an Urban area in all respects including industry, trade and commerce, settlements, physical and economic infrastructure and any other development inputs that may be considered essential for all round upliftment of an area and population thereof. Such developments shall have to be planned in coordination with the needs of other urban areas within a state or a country. However, urban development, as it is practised, calls for planning and development of certain physical infrastructural inputs primarily, to deal with maladies of rampant urbanisation. It is expected that such development plan would take care of prevailing deficiencies in provision of certain physical infrastructure, on the one hand, and needs of such provision in future, on the other. While the former can be termed as 'supportive' in nature the latter, 'promotive'. Due to the rampant urbanisation, the permissible urban development programmes are unable to cope with the former as a result they become more supportive than promotive.<sup>1</sup>

Gideon Sjoberg's thesis of pre-industrialised city, visualised the city as product of their societies. Although too broad and over simplified to be regarded as a successful general urban theory and breaking down in particular empirical circumstances, his theory is characterised as a continuum of urban development along which the pre-industrial and industrial city types are convenient main categories. This continuum can thus be used to distinguish changes in the city through time, viewed as an evolutionary process, and also to identify contemporary contrasts over space. He relied heavily upon transport and communication as a force of differentiation and change, and possibly understood the significance of others, especially cultural factors. Leo F. Schuore has used

<sup>1</sup>Kalyan Roy, "Limits of Urban Development in the Third World Countries", *Civic Affairs*, Vol. 33, No. 1. August 1985, pp. 37-38,

Sjoberg's concept of a pre-industrial city,<sup>2</sup> but attempted to redress the balance in terms of dimensions of structure and change by proposing an ecological complex possessing four main components of environment, technology, population and organisation. Environment includes those influences arising from physical setting of the city; technology acknowledges the role of transport and communication facilities; population elements includes size rate of growth, ethnic and racial composition, organisation comprised the economic base of the city and its social structure and from its characteristics under these four headings a city could be placed in a continuum. The concept of a continuum implies open-endedness and for sometime urban theorists have recognised the emergence of new forms beyond the industrial city.

Urban societies live and move within a complex of buildings and streets; they help to create it and to a certain degree they reflect it. A city environment is as much a matter of men and women as it is of houses and shops. And within the city, distinctive environments are created because the groups and classes which make up the urban society occupy distinctive area, have different occupations, move differently and live differently.<sup>3</sup> Hence an Urban area has varied requirements.

The first requirement of man in an urban area is the means of earning his livelihood which includes jobs and facilities for self-employment in industry and commerce. Secondly, man needs shelter or housing. Thirdly, a clean livable environment which includes clean air, water, sanitation, open air space and play ground. Fourthly, good communications with surrounding areas. Finally, certain social amenities like schools, colleges, hospitals, markets and facilities for social intercourse.<sup>4</sup> The planning priorities should, therefore, take into account the following factors:

A broad range of choice among satisfying living environments; a wide range of employment opportunities; an ample range of opportunities for participation in the decisions that shape the development of the region; efficiency in the use of the land; efficiency in the transportation of people and goods within the area; a healthful urban environment; a living environment which affords a clear sense of place in all sections.<sup>5</sup>

<sup>2</sup>L.F. Schuore, "On the Spatial Structure of Cities in the Two Americas" in P.M. Hausar and L.F. Schuore, *The Study of Urbanisation*, Wiley, 1965, pp. 347-98.

<sup>3</sup>Emrys Jones, *Towns and Cities*, London, Oxford University Press, pp. 110-12.

<sup>4</sup>S.S. Gadkari, "Financing of Urban Development", in A. Datta (ed.), *Municipal and Urban India*, New Delhi, Indian Institute of Public Administration, 1980, p. 132.

<sup>5</sup>*A Policies Plan for the Year 2000: The Nations Capital*, The National Capital Planning Commission, Washington, National Capital Regional Planning Council, 1961, p. 28.

The objective of this paper is to examine the problems and prospects in the planning and development of a developing capital town of Orissa, Bhubaneswar.

Bhubaneswar, the state capital of Orissa "where the old merges with the new" is a city of temples and popularly known as "Cathedral city of India". Though the history of the temple city dates back to 4th century B.C., the history of the city is of recent origin, *i.e.*, after shifting of the capital in the year 1948. With the shifting of the capital the city marked a new augury and a new vista of progress and prosperity. The significant socio-economic changes arising from the influx of rural migrants, rapid strides in industrialisation and urbanisation have created manifold and appalling urban problems.

Soon after the shifting of the capital a Notified Area Committee was first constituted in the year 1948 under the Bihar and Orissa Municipal Act and soon after enactment of Orissa Municipal Act, 1950, the Committee was converted into Notified Area Council from October 2, 1952. In the year 1979 the Notified Area Committee was upgraded to Municipality. This year the government has taken a decision to constitute a Municipal Corporation in place of the Municipality.

#### URBANISATION

While in West, urbanisation followed industrialisation which was spread over a long spell of time. People were pulled to the urban centres by industrialisation. But since in India urbanisation precedes industrialisation, it is caused more by push of rural poverty than by the pull of urban prosperity. The push is out of a stagnant country side, in some cases with rigid and unproductive forms of land tenure, in others with decrease of labour intensive agriculture. The pull is both economic and psychological; the search for employment opportunities, the appearance of modernity, the higher wage levels the 'bright lights' of the city and the expression of rising expectations.<sup>1</sup> In recent years the evidence is that rural prosperity generates as much migration to urban areas as does rural poverty, because there is continuous shift of people to non-agricultural activities.

With 11.82 per cent level of urbanisation, Orissa is a least urbanised state in the country. The analysis of the distribution of population in various urban centres of Orissa indicates concentrated settlements in the six class I towns (each having population of above one lakh). These towns with a total population of 12.43 lakh accounts for 41.64 per cent of total urban population registering a growth exceeding 133 per cent, during the decade 1971-81. Considering from the demographic perspec-

<sup>1</sup> *The Economic Times*, April 2, 1983.

tives, Bhubaneswar is the third biggest town in the State having a population of 2,51,289 in the Master Plan Area amongst which 2,19,211 people are the residents of the Municipal area, thus witnessing the increase of 90 per cent and 108 per cent respectively during the decade 1971-81.<sup>7</sup>

The establishment of the capital, increase in the number of public and private offices and the rapid growth of small and medium scale industries in the town have led to the exodus of population from the rural hinterlands. The establishment of factories provide considerable more employment avenues to the artisans and workers who are involved in the manufacturing and service in the widest sense. The increase of population has resulted in over-crowding and over-loading of the existing utilities and services initially meant to cater to the small number of population thereby causing deterioration of the urban conditions. The crux of the matter is that, Bhubaneswar as a city is bound to witness a terrific spurt in population almost 12 to 15 lakh by the end of the century thereby aggravating the manifold urban problems. This envisages a new approach to the techniques of urban planning. The inhabitants, socio-economic conditions are to be improved; water supply, sanitary conditions, drainage and sewerage, recreation centres, parks, lakes are to be built up; transportation problems are to be tackled and the myriad housing needs of both the organised and unorganised sectors needs to be catered to.

The municipality of Bhubaneswar covering 28 revenue villages caters to a large proportions of the civic needs such as environmental requirements like water supply, lighting and drainage. But the management of urban infrastructure has never been the exclusive jurisdiction of the municipal bodies. With the creation of specialised agencies both multi-functional Regional Improvement Trusts, Urban Development Authority and single purpose functional State Housing Board, the capital expenditures for urban development are channelised through them, because the municipal body has been considered inadequate and also anachronistic to the increasing demand of city management. Consequently, the municipality is not involved in the process of urban planning and development and are meant to function merely as service oriented institutions mostly concerned with the operation and maintenance of a limited number of civic services.<sup>8</sup>

#### PLANNING PERSPECTIVES

The Orissa Town Planning and Improvement Trust Act, 1956

<sup>7</sup>Census of India, 1981, Series 16, Orissa, Paper I of 1982, Final Population Totals.

<sup>8</sup>Asok Mukhopadhyay, "Status of Municipal Government", *Nagarlok*, Vol. XV, No. 3, July-September, 1983, p. 14.

initially extended over the Municipal area in the year 1964 included in its ambit the areas covered under the Master Plan that came into force on July 30, 1968. The jurisdiction of the Master Plan now covers 93 villages out of which 65 falls outside the limits of municipal boundry. The task of finalisation of master plan; regulation of landuse and undertaking various improvement schemes within the framework of the master plan were entrusted to the Regional Improvement Trust that functioned since January 1976. This was replaced by the Bhubaneswar Development Authority which functioned with effect from September 1, 1983 in accordance with the provision of Orissa Development Authority Act, 1982. Functionally, the difference between the Development Authority and Improvement Trust is that while the former is entrusted with planning and landuse control functions in addition to the duties of the latter, the improvement trust primarily acted as land developer.

Besides, the Development Authority, Town Planning Organisation, Municipality, other implementing agencies like the General Administration Department and Revenue Department of Government of Orissa have been entrusted with the task of implementation of the master plan. While the General Administration Department exercises jurisdiction over the municipal area in respect to government land, the Revenue Department has got jurisdiction over the area lying outside the municipal limit but included in the master plan; the overall responsibility of the enforcement of the master plan is, however, the overall responsibility of the Development Authority.

Accordingly the Development Authority has been made an apex coordinating organisation for a wider variety of development activities. It has been entrusted with the powers to promote and secure the development according to the plan and has been empowered to acquire, hold, manage and dispose of land and other property; to carry out building, engineering, mining and other operations; execute works in connection with the supply of water and electricity, disposal of sewerage and other services and amenities, and generally do anything necessary and expedient for the purpose of such development.<sup>9</sup> The Authority develops land, prepares the interim, comprehensive zonal development plans.<sup>10</sup> If any development has commenced or completed in contravention of the development plan or without the permission of the authority, it is empowered to demolish the same.<sup>11</sup> The power of approval of the building plans initially enjoyed by the Municipality is being vested with the Authority. Initially it was mandatory for the authority to issue no objection certificates in respect of selling, leasing of land, for having electricity and water supply connections to the build-

<sup>9</sup> *The Orissa Development Authority Act, 1982.*

<sup>10</sup> *Ibid.*, Section 15.

<sup>11</sup> *Ibid.*, Section 91.

dings. Because of the dilatory and harassing procedures involved in it, this provision has been scrapped. Further, the Authority is empowered to undertake various town planning schemes.<sup>12</sup> The power of acquisition and disposal of land is entrusted to the State Government who transfer them to the Authority.<sup>13</sup>

While the Calcutta Metropolitan Development Authority has eclipsed the Municipal Corporation to an insignificant position in respect of the city management, in Madras the eclipse is partial. But in Bombay, the greater Bombay Municipal Corporation has succeeded in keeping Bombay Metropolitan Development Authority at the periphery.<sup>14</sup> In Delhi, the Delhi Development Authority unwittingly or by design has become a unique administrative octopus with its tentacles spread in the most unlikely places. An agency initially meant to promote development and social housing has become "mysterious parallel government in Delhi" and is no longer a development agency but a combination of a municipal body, state, coloniser, property agent and land acquisition agency, whose functions overlap with those of the revenue authorities, the Delhi Electric Supply Undertaking, Water and Sewerage Disposal Undertaking, the Cooperative Registrar's Office and public works department. It was, therefore, suggest, to restore to the DDA the character of Development Agency originally envisaged for it and it should combine itself mostly to social housing and not function as a parallel civic body and local administration.<sup>15</sup>

The Orissa Development Authority Act has given the Authority following constitutions:

- (a) a Chairman who shall be appointed by the State Government;
- (b) a Vice-Chairman, who shall be an Officer of the Central or State Government and shall be the full-time Chief Executive of the Authority;
- (c) an Engineer member;
- (d) a Finance and Accounts member;
- (e) a Town and Regional Planning member;
- (f) an Urban Designer or Architect member; all appointed by the State Government;
- (g) the Secretary, Housing and Urban Development Department, Government of Orissa or his representative, member ex-officio; and
- (h) the Chairman of Urban Local Bodies comprised within the development area, members, ex-officio.<sup>16</sup>

<sup>12</sup>The Orissa Development Authority Act, Section 22.

<sup>13</sup>*Ibid.*, Section 72.

<sup>14</sup>A. Datta and B. Chakravarty, *Organising Metropolitan Development*, New Delhi, Indian Institute of Public Administration, 1981.

<sup>15</sup>The Times of India, June 18, 1986.

<sup>16</sup>The Orissa Development Authority Act, Section 3.

There is also a provision in the Act of an Advisory Council, consisting of the following members:

- (a) The Vice-Chairman of the Authority, *ex-officio*, is the President;
- (b) The Secretary to Government, Housing and Urban Development Department, Government of Orissa or his representatives, *ex-officio* member;
- (c) the Chairman of Urban Local Bodies comprised within the development area, members *ex-officio*;
- (d) a member of the Orissa Legislature, representing the whole or any part of the development area, to be nominated by the State Government; and
- (e) other members not exceeding fifteen in number to be nominated by the State Government of whom at least five shall be such non-officials and have special knowledge or practical experience of matter relating to labour, industries, land-scaping, economics or environmental science.<sup>17</sup>

#### *Defects*

(a) *Multiplicity of Organisation and Lack of Coordination:* Although the development of the capital town Bhubaneswar was circumscribed by the provisions of Municipal Act, Improvement Trust Act and Town and Country Planning Act, later on with enactment of the State Housing Board Act and Bhubaneswar Development Authority Act, Development\* of the town has further been included under their ambit. The multiplicity of authorities coupled with the elaborate procedure for each of these organisations and the lack of proper linkage among them, often create problems in the planning process both at the formulation and implementation stages which raises the problem of coordination. Multiplicity of agencies not only prevents thinking in terms of comprehensive urban development, but also delays execution of decision arising out of mutual discord, indecision and lack of over-riding authority for the urban area as a whole. Lack of proper linkage among them, adversely affect the planning process. It has been noticed that lack of timely coordination between the BDA, Town Planning Organisation and the Municipality impede the developmental activities of the town.

(b) *Organisational Inadequacies:* Yet another deficiency that has been noticed is that the powers, responsibilities and resources are not properly matched in the organisations that are set up for plan preparation and implementation.

The dilatory and time consuming procedure provided for the

<sup>17</sup>The Orissa Development Authority Act, Section 5.

preparation of plans result in considerable delay defeating the very purpose of planning. The success of plan also depends upon power of enforcement and coordination. The powers of land acquisition also play an important role as lands are required for the implementation of the plans. The legislative provisions in this regard are quite inadequate.

(c) *Land Acquisition Provision—Not Adequate:* The acquisition of land for development purposes presents a serious problem in the implementation of the plans. The planning legislations still depend on the Central Land Acquisition Act of 1894 for acquisition purposes. The Orissa Development Authority Act, 1982 stipulates that the powers of acquisition and disposal of land are entrusted by the State Government who transfer them to the Authority. Besides, the General Administration Department of the Government is the sole authority of the government land in the Municipal area of Bhubaneswar. As a result the Development Authority has to depend upon the said department for the allotment of Government land for undertaking any developmental projects. The immense delay witnessed due to the allotment and acquisition of land causes immense delay in starting and completing the projects.

### *Housing Strategy*

Since Urban population of Bhubaneswar has doubled in the last decade, accordingly we must have our approach of "unity of purpose" in having an integrated programme for development for a comprehensive rehabilitations system.

In the housing sector, it is no surprise that no country has so far been able to solve the housing problems with any finality. Because of want of a commensurate infrastructure to meet the demand of situation, the less urbanised states like Orissa are to face the complications of situation for sometime to come.

A recent United Nation's survey reveals that developing countries like India are beset with the stupendous task of shortage of housing for the poor particularly in the cities inasmuch as the present rate is adding only 10 new dwelling units annually for every thousand of population.

Studies made by the Directorate of Town Planning and other agencies reveal a shortage of about 27,000 houses for Bhubaneswar up to 1985. Unless the housing agencies like the State Housing Board, Development Authority and Cooperative Housing Societies are to act in an accelerated speed to build more houses, it would be impossible to cater to the problem the magnitude of which grows year to year.

The Orissa State Housing Board and Bhubaneswar Development Authority have taken up various social housing schemes at Bhubaneswar mainly with the financial assistance of the Housing and Urban Development Corporation (HUDCO). The houses constructed under this

scheme are available to the Economically Weaker Sections (EWS), Lower Income Group (LIG) and Middle Income Group (MIG) categories of persons. Prices are based on the actual cost of acquisition of land and its development. Rates are fixed on "no profit no loss basis". The income range for the application of EWS, LIG and MIG houses have been fixed at Rs. 700, Rs. 701—Rs. 1,500 and Rs. 1,501 to Rs. 2,500 respectively. The EWS houses constructed at Bhubaneswar before 1986 used to cost around Rs. 18,000 having a carpet area of about 450 to 600 sq. ft. and plinth area of 230 sq. ft. The amount of initial down payment within a spell of 2 years is about Rs. 3,700 and the rest amount payable in equated quarterly instalments within 20 years span. The LIG size house having a plinth area of 350 sq. ft. before 1986 has been considerably reduced to 200 sq. ft. in 1987 costing about Rs. 30,000 for which the initial deposit is around Rs. 4,500 and the remaining instalment is paid in quarterly instalments covering a period of 15 years with 9½ per cent of interest. The MIG categories are generally provided with houses with plinth area ranging from 500 to 600 sq. ft. costing about Rs. 60,000 before 1986 has been increased to Rs. one lakh at present for which the initial down payment within 2 years period is Rs. 24,000 and the rest amount payable in equated quarterly instalments covering 13 per cent interest. Besides the above scheme, the houses are also constructed under the self financing scheme for the Higher Income Group Category whose monthly income exceeds Rs. 2,500 per month. These houses cover a plinth ranging from 800 to 1200 sq. ft. depending upon the type of the houses. The entire house cost is paid by the allottee within a span of two years.

Tables 1 to 3 give a detailed account of the housing schemes taken up in Bhubaneswar by the housing agencies.

Although several types of houses have been constructed by State Housing Board and Bhubaneswar Development Authority in different areas, it has been found that these agencies have not been able to fulfil the housing requirements. The housing demand in the city is evident from the Demand Survey made by the State Housing Board in 1984 for different types of houses, which received 5539 number of applications for Low Income Group Housing Schemes constructed at the peripheral area 'Dumduma' for a total 2550 number of houses out of which 1960 houses have been allotted. The acute demand for the MIG houses is evident from the fact that for a total number of 238 houses to be constructed under 'Patia' scheme 8285 number of applications have poured in. The inordinate delay witnessed in undertaking various housing schemes, keeps the applicants in a state of despair. Besides, when the housing colonies are constructed, the infrastructural facilities connected to the housing schemes, such as roads, water supply, sewerage, commercial complexes are not provided simultaneously with the

TABLE 1 NUMBER OF HOUSES CONSTRUCTED/TO BE CONSTRUCTED  
BY STATE HOUSING BOARD, BHUBANESWAR REGIONAL  
IMPROVEMENT TRUST/DEVELOPMENT AUTHORITY  
DURING THE DIFFERENT PLAN

Name of the Organisation	Plan (Five year)	Project cost in lakh	Type of House					Total
			EWS	LIG	MIG	HIG	Others	
State Housing Board	5th	189.29	270	592	204	—	—	1,066
	6th	498.41	850	1,139	325	—	234	3,129
	7th	1033.48	800	624	918	150	154	2,646
	(to be constructed)							
Regional Improvement Trust/Development Authority	5th		2,509	2,082	1,571	156	—	6,327
	6th							
	7th	2173.17		1,500	1,200	476	—	3,174

SOURCE : Orissa State Housing Board and Bhubaneswar Development Authority.

construction of the houses, with the result that houses remain uninhabitable for a prolonged period causing pessimism and passivity to the house owners.

A review of various social housing schemes implemented by the State Government and their agencies have revealed that most of these 'low cost' houses designed to create housing for EWS and LIG category are largely occupied by families in the next higher income group since the instalment payments required for the house are clearly beyond the paying capacity of the income groups for whom the houses are meant. Instead of serving the poor they serve the lower middle classes who falsely declare their incomes below their real level.

The problem of the poor man's housing involves factors like low income; high cost of housing; financial limitations; low and improper fixation of priorities; land cost; speculative control of land in the absence of a well defined urban land policy; lack of enthusiasm for small savings in the absence of inspiring organisations and lack of well defined housing programmes with a sense of urgency it eminently deserves.<sup>18</sup>

The problem of shelter appears far most disquieting feature of bulging number of population of Bhubaneswar. The most obvious manifestation of overstressing is the proliferation of slums. The existence of squatter colonies underlines our failure in three crucial areas. Firstly, the supply of urban land (*i.e.*, land with access to jobs, public transport, urban infrastructure, etc.) has not been commensurate with

<sup>18</sup>Action Programme, Bhubaneswar Regional Improvement Trust, Bhubaneswar, 1978, p. 9.

TABLE 2 HOUSES CONSTRUCTED IN THE DIFFERENT AREAS OF BHUBANESWAR BY THE STATE HOUSING BOARD 1970-71-1985-86

Sl. No.	Year	Name of the Housing Scheme	Source of finance	Project cost in lakh	Categories and Number of Houses				
					EWS	LIG	MIG	HIG	Others Total
1.	1970-71	Lewis Road	Govt.	7.36	—	—	23	—	23
2.	1970-71	Acharya Vihar	Govt.	43.96	—	110	55	—	165
3.	1971-72	Sahid Nagar	Govt.	23.40	—	—	—	—	58
4.	1974-75	Jayadeb Nagar	Govt.	17.95	—	39	27	—	66
5.	1976-77	V.S.S. Nagar, Ph. I	HUDCO	50.45	100	181	40	—	321
6.	1977-78	V.S.S. Nagar, Ph. II	HUDCO	69.52	170	262	59	—	491
7.	1980-81	V.S.S. Nagar, Ph. III	HUDCO	21.64	72	82	—	—	154
8.	1980-81	Kapil Prasad, Ph. I	HUDCO	60.03	144	185	42	—	371
9.	1980-81	Barmunda, Ph. I	HUDCO	155.66	196	438	168	—	802
10.	1981-82	V.S.S. Nagar, Ph. IV	HUDCO	10.52	—	—	—	—	32
11.	1982-83	Rental Housing Scheme, Vani Vihar	HUDCO	25.07	—	—	—	—	74
12.	1984-85	Kapil Prasad, Ph. II	HUDCO	141.99	—	434	115	—	549
13.	1984-85	Barmunda, Ph. II	Govt.	31.63	210	—	—	—	210
14.	1984-85	Satya Nagar	Govt.	35.61	228	—	—	—	228
15.	1985-86	Chandrasekharpur (Flat)	HUDCO	872.03	348	624	390 (M1) 528 (M2)	150	2040
16.	1985-86	Dumduma	Govt.	79.65	452	—	—	—	452
17.	1986-87	Commercial Complex, Barmunda.	HUDCO	81.80	—	—	—	—	154
18.	1986-87	Commercial Complex, Chandrasekharpur	Self Financing	14.81	—	—	—	—	72
19.	1986-87	Duplex Complex, Barmunda.	—do—	—	—	—	—	—	—

SOURCE : Orissa State Housing Board.

TABLE 3 FISCAL PROGRAMMING, DESCRIPTION OF CATEGORY OF HOUSES, PROJECT COST, ETC., OF VARIOUS HUDCO FINANCED HOUSING SCHEMES. CONSTRUCTED BY REGIONAL IMPROVEMENT TRUST/DEVELOPMENT AUTHORITY

Sl. No.	Year	Name of the Scheme	Total cost of projects in lakh	Loan from HUDCO in lakhs	Number of Dwelling units				Others	Total
					EWS	LIG	MIG	HIG		
1.	1975-77	Laxmisagar, Phase I to IV	96.189	75.78	625	342	23	—	—	990
2.	1978-79	Laxmisagar, Phase V	9.03	7.39	123	—	—	—	—	123
3.	1978-80	Nayapalli Composite Scheme	104.70	79.93	—	436	72 (M.A.) 48 (M.B.)	—	—	556
4.	1978-83	Bargarh Housing Site and Services	330	270	—	—	—	—	—	3700
5.	1978-83	Kapil Prasad Housing Site and Service	550	450	—	—	—	—	—	6000*
6.	1985-86	Chandrasekharpur Composite Apartment Scheme	885.85	—	456	816	1,188	156	—	2,616
7.	1986-87	Palaspali Duplex Scheme	388.80	332.80	—	—	—	156	—	156‡

SOURCES : \*Action Programme, Bhubaneswar Regional Improvement Trust, Appendix B and C.

‡Bhubaneswar Development Authority.

the scale of demand. Secondly, the absence of housing finance has left most segments of the society to fend for themselves which usually means that only the higher income groups have been able to command adequate shelter. Thirdly, perhaps most tragic of all, it underlines the total inability of the authorities to anticipate the scale of demand in our towns and cities.<sup>19</sup>

While on the one hand slums have been proliferating, the construction activities of the different classes have mushroomed without much regard to the various town planning and building rules. Neither the land use norms nor the development control rules appear to have been much respected by the real estate promoters. A good many unauthorised lay-outs with woeful lack of basic amenities and services are reported to be in existence.

There are many other problems relating to the shelter crisis as increasing congestion and growing shortage or inadequacy of water supply, sewerage, sky rocketing of rents and prices of real estate, forced suburbanisation which imposes an unbearable burden on transportation system, a growing drain on household income and savings, an increasing proportion of which is claimed by rents and repayment of housing loan; a sharp and sustained decline in the quality of life for the vast majority of the urban population of Bhubaneswar.

### *Land Use*

Whereas the land is the medium of city growth housing is perhaps the most important element in the development of the city. The transition of land use from agricultural to non-agricultural activities is central to the urbanisation process along with the concentration of population in Bhubaneswar. When the process of urbanisation was slow, the transition in land use was equally slow and public management of land was neither necessary nor desirable. But with the higher growth rate of population during the last decade, public management in the land market becomes inevitable. The hypothetical factors<sup>20</sup> of land value differentials, viz., location, distance and density determine the degree to which values are affected by distance from the core and the location of property and also by density. Since intensity of business activity is the greatest at the centre of the city and declines with a unit distance towards the periphery, there is a declining tendency in the intensity of

<sup>19</sup>*Interim Report of National Commission on Urbanisation*, Government of India, Ministry of Urban Development, New Delhi, 1987, p. 15.

<sup>20</sup>Alonso's theory points out that the space occupied by a home or business is an independent variable which must be included with that of closeness to the centre in a three way balance of accessibility—space-transportation costs, in determining the worth of a piece of ground to an individual users. Grace Milgram, *US Land Prices—Directions and Dynamics*, Washington, 1968.

land use towards periphery, where land is more abundant. As such, if the value of land declines with a decrease in the intensity of land use, land values could also be expected to decline with the distance from the core.<sup>21</sup>

Conceptually, we can think of the price of land as being affected by three sets of characteristics.

1. Site specific characteristics (intrinsic quality of land);
2. Neighbourhood qualities (amenities); and
3. Access characteristics.

The important point to note here is that land value increases everywhere but the proportional increase at the periphery is likely to be phenomenal. It is often this increase that is observed and regarded as unwarranted when it should be understood that such increases in value are intrinsic to the process of urban growth.<sup>22</sup>

While the price of residential government plots at Bhubaneswar has increased from Rs. 75,000 to Rs. 2 lakh per acre, the private land in the posh localities of Sahidnagar, Satya Nagar, Bapuji Nagar and Kalpana area costs around Rs. 50 to Rs. 60 lakh an acre because of the attractiveness of location or the intensity of access characteristics and land values in the peripheral localities of Nayapalli, Barmunda and Chandrasekharpur have been escalated to Rs. 10 to Rs. 15 lakh per acre. The land price artificially manipulated by the speculators as is evident from the escalation of the land price to almost 50 to 60 times within a short spell of 10 years. The recent phenomenon is that the access to land except for the very rich has become difficult. Most of urban land has been priced out of the reach of the urban poor and the lower middle class with the result that these sections take recourse to unauthorised constructions on land earmarked for other purposes. Besides, the availability of the government land for residential purposes is very scarce as is evident from the receipt of application forms by the General Administration Department of the Government of Orissa. For the allotment of 1000 residential plots for the residential purposes in the current year, it has received more than 60,000 application forms.

The Urban Land (Ceiling and Regulation) Act, 1976 provides for imposition of ceiling on vacant land in urban agglomeration for the acquisition of such land in excess of the ceiling limits; to regulate the construction of buildings on such land with a view to preventing the concentration of urban land in hands of a few persons and speculation

<sup>21</sup>R.K. Wishwakarma, *Land Values in Delhi—An Analysis of Spatial Variation*, in A. Dutta (ed.), *Municipal and Urban India*, IIPA, New Delhi, 1980, pp. 177-78.

<sup>22</sup>Rakesh Mohan, "Urban Land Policy: Some New Approaches", *Nagarloek*, Vol. XIV, No. 1, January-March 1982, pp. 7-11.

and profiteering therein; and with a view to bring about equitable distribution of land to subserve the common good.<sup>23</sup> Although the Act has been implemented in Cuttack city yet its rules are to be extended to the capital city Bhubaneswar. The non-implementation of the Act creates scarcity conditions in respect of land which are hoarded by the monopolistic speculators who hold a key to their release to the market and release them in drib and drabs. This adversely affects the planning and development of the city.

#### URBAN FRINGE

Concentration of population in the city has given rise to the 'unincorporated urban areas' called 'urban fringe' because these have undergone urban development, has urban needs and borders but are not part of the municipal area. Being the intermediate zone between the rural area and the city they are invaded by the urban uses, extension of housing estates, industrial estates and other important urban features. These fringe areas are extension of city itself present and potential and these have developed with the growth of the city and have become its integral part for economic, social and recreational purposes.

These areas have large population and territory; less densely settled and many of them have more land than the cities. These are predominantly residential comprising of medium or low income groups and the areas lack urban types of amenities and regulatory services.

The foremost problem of the fringe growth is related to planning and provision of basic civic services. Their development is haphazard and unplanned due to lack of any regulatory authority in the area. The land use is not systematic—one notices a residential house adjacent to a factory, than a brick kiln immediately after and a school for children in the neighbourhood. As a result many fringe areas are ill designed with inadequate sanitary and other services. The residents oppose extension of municipal limits because they may not want to pay city taxes and abide by comprehensive city sub-division and zoning regulations as they consider that such rules unduly interfere with their freedom and would mean personal cost to them. Thus, they want to enjoy the facilities offered by the urban areas but at the same time are averse to the above factors.

The report of the Rural Urban Relationship Committee observed "The unplanned location of industrial establishments in and around the cities creates problems which the existing machinery of Municipal administration is unable to cope with. The requirements of water supply, drainage, educational and recreational facilities, traffic and transport, etc., are increasing constantly. Coupled with the increasing congestion these

<sup>23</sup>*The Urban Land Ceiling Act, 1976*

create acute problem of transport and communication, public health sanitation and conservancy. The deterioration in the services and amenities is inevitable as the local authorities have neither the necessary perspective nor the administrative machinery and the resources to keep pace with the growth.<sup>24</sup>

#### TRANSPORTATION

Mass transportation is another major problem. The available mass transportation systems in the town is far from adequate. It is plagued by over crowding, high cost of operation, traffic congestion and stretching of transport net work to far off distances.

Although the traffic transportation problems are less in magnitude in Bhubaneswar as compared to the metropolitan areas where the traffic problems are escalating day by day. In Calcutta, the system consists of about 900 buses and 450 trams which carry as many as 2.25 million people daily within the city. In Delhi, nearly 0.3 million people move by the mass transit system which is constituted of nearly 500 buses. Though these buses are not over crowded on an average during the peak hours when the passenger traffic is many times more than the average volume, the buses are extremely over crowded. In Bombay, the bulk of the Commuter's traffic is taken care of by the suburban electric trains.

The mode of transportation is very poor in Bhubaneswar. There are no metred taxis nor any other mode of public transport worth the name, except cycle-rickshaws. Only a few town buses have started plying by the State Transport Corporation, Orissa Road Transport Corporation and the Bhubaneswar Municipality since 1986.

The problems that the traffic and transport system is facing the town are as follow:

- (i) Constraints of geographical nature and scarcity of land space apparatus physically limit further development.
- (ii) The ever increasing and an evenly distribution as also the increase in a number of all types of vehicles have led to heavy pressure on roads.
- (iii) Location of important activities like wholesale market, godowns and ware houses has multiplied the already existing complex situation.

All these make planning, development and control a difficult task. Most of the problems not only originate and spread infection at the

<sup>24</sup>Government of India, *Report of Rural-Urban Relationship Committee*, Vol. I, New Delhi, Ministry of Health and Family Planning, 1966.

same place but often it has a multi nuclei, and also long range and long spread infections. This necessitates the planning over areas broad enough to facilitate solution of the problems of over crowding, inadequacy of transportation, conflict, mobility and environment.<sup>25</sup>

#### SUGGESTIONS AND POLICY IMPLICATIONS

The analysis of planning legislations shows that there is overlapping of various legislations dealing with different aspects of town planning and development activities. This needs consolidation of innumerable legislations dealing with different aspects of town planning and development activities. Adequate resources are to be provided to the plan implementing agencies so that urban development is taken in a rapid space.

Low cost housing "of which there is very little in the town", is the basic infrastructure for urban development. Hence the housing schemes should mainly be directed towards the economic weaker section and low income group so that they are within their paying capacity. Allotment of houses to the persons other than the categories for whom the houses are meant are to be abandoned. Besides, the resources of the institutional agencies like HUDCO, LIC and Cooperative Housing Societies are to be augmented so as to increase the allocation of funds for housing the EWS & LIG classes.

The Urban Land (Ceiling and Regulation) Act, 1976 should be made extendable to the city so as to check the spurt of land values and liberate them from the clutches of speculators. This can ensure acquisition of all surplus vacant land and release them for city development with special emphasis on housing for middle, lower income groups and the EWS.

The growth of essential infrastructure of the city, i.e., housing, water supply, drainage, transportation, local employment, availability of land on which to locate city activity have all suffered grievously because the city management system has not been able to react adequately to the problem of growth. The reasons being the failure to identify priority action areas, investment in a continuous upgradation of the infrastructure, elimination of inefficiency in the management and administration and remedy the defects in the legal system.<sup>26</sup>

And in the absence of a national urban policy the approach to the problem of urbanisation and urban development still in the form of social housing and slum improvement, urban congestion, squatter settlements, problems of urban poor. The need is to evolve a

<sup>25</sup>J. Brian McLoughlin, *Urban and Regional Planning: A System Approach*, London, Faber and Faber, 1970, Chs. 6 and 10.

<sup>26</sup>*Interim Report on National Commission on Urbanisation, op. cit.*, p. 14.

new approach to the development and management and strengthening the institutions responsible for them is imperatively necessary. It is felt that much depends on management capability and entrepreneurship found in government departments, development agencies and other authorities responsible to carry the task of development. The resource management problem and the need for fresh initiatives and policy directions requires concreted effort to delineate the responsibilities and functions to urban local authorities, to ensure effective coordination of activities within the city; to upgrade their planning and technical capacities; and to improve coordination and inter governmental fiscal relations between urban local bodies, state government and national agencies.<sup>27</sup>

Since Bhubaneswar is the capital town of Orissa and is at the threshold of rapid urbanisation, effective measures are to be taken in right earnest by urban planners and policy makers who should realise the problems caused by planning imbalance and distortions in the housing sectors especially for the poor. In this perspective the recommendations in the interim report of the National Commission on Urbanisation set up under the Chairmanship of Charles Correa is of immense importance. In the interim report submitted in February, 1987, it has felt the necessity to evolve a new approach to the development and management of the cities and realised the inability of the authorities to anticipate scale and demands in Housing; urged a review of existing rent control laws and the Urban Land Ceiling Act as an incentive to increase housing stock and release valuable land for such building.<sup>28</sup> The recommendations would undoubtedly serve as a milestone in respect of development of towns and cities. □

<sup>27</sup>The World Bank, *The World Bank Report*, August, 1979, pp. 112-13.

<sup>28</sup>*Interim Report on National Commission on Urbanisation*, *op. cit.*

## *Book Reviews*

*Taxation by Municipalities*, S.P. SHARMA, Delhi, Pratibha Publications, 1986, p. 96+188+16, Rs. 60.

The civic authorities occupy unique importance as a level of government created especially to deliberate the local problems and devise suitable strategy for their solution. In its operational context, the civic authorities are supposed to provide the basic services and amenities and impose certain taxes for mobilisation of resources to finance the provision of basic services and amenities. Levying of tax in particular has to conform to the legal provisions as laid down in the relevant enactments. Imposition of Property Tax being a quasi-judicial procedure, the civic authorities have to operate within the framework of the Constitution and the law. Obviously, it requires fairly good knowledge of prescribed procedures and provisions in the enactments and also the parameters of actualising these provisions. This knowledge is called for equally on the part of municipal officials and the tax payers as well.

The book under review tries to precisely do this. It gives an overview of the constitutional position of local taxes, the nexus between the tax and provision of civic services, principal taxes to be levied by the civic authorities, legislative provisions for these and also, which is most important, the interpretation of these provisions by the courts of law. This is done, by and large, by enumerating the provisions in the Delhi Municipal Corporation Act, 1957 though it gives a glance of provisions in the Calcutta Municipal Act, 1980, Rajasthan Municipal Committee code 1959, the Punjab Municipal Act, 1911, the Bihar code and provisions and practices in other towns and cities as well.

Divided into four parts, part I is spread into four chapters (Chapter I-IV). Part II consists of chapter V only which is spread into 187 pages. Part III has five chapters (Chapters VI-X) and part IV consists of chapter XI. Chapter I discusses taxing powers of the local bodies by citing, besides the Delhi Municipal Corporation Act which happens to be the substantive theme of the book, the provisions in a few other Acts. Chapter II discusses the sources of municipal revenue and the

proportionate share of various taxes in the total income of the Municipal Corporation of Delhi (MCD). Chapter IV deals with the tax on lands and buildings which is popularly known as the Property Tax, as imposed in Delhi and the cities like Ahmedabad, Amritsar, Agra, Calcutta, Greater Bombay, Madras, Pune and so on. It also gives an overview of the nature of the base of this tax in Africa, Australia, Canada, New Zealand, Netherlands, Sweden, Taiwan, UK, USA and USSR. In case of Australia, however, there seems to be a factual error when the tax base described is said to be the capital value instead of site value which happens to be the base of property tax in Australia. For Delhi, it gives details of the tax for different types of properties—freehold, leasehold, self-occupied, let-out and construction in stages.

The Rent Control Acts have been constraining property valuation due to the provision for determination of standard rent (SR). Recently, the Supreme Court delivered a landmark judgement establishing SR as the 'reasonable rent' which any property can lawfully fetch in the market. Chapter IV of the book therefore deals with this judgement in detail. With a view to explain operational aspects of this verdict, the book presents elaborate exercises with solved examples for determination of SR and hence the ARV of different types of properties located in different situations. It also describes situations when an assessee can prefer a suit and/or writ in a court of law. The next two chapters are devoted to case laws on Property Tax. Important court decisions pertaining to valuation and assessment of property taxes have been included for charitable properties (Ch. V) and other types of properties (Ch. VI). Chapter VII to IX are devoted exclusively to Advertisement Tax, Electricity Tax and Profession Tax as provided for in the Delhi Municipal Corporation Act. Ch. X discusses important and relevant provisions of other Acts, *viz.*, Punjab Municipal Act, 1911, Delhi Rent Control Act, 1958, Transfer of Property Act, 1882 and Limitation Act, 1963. Finally, it presents a schedule of the MCD tax rates for 1986-87 and also a ready reckoner for assessing the Property Tax and other components of the General Tax.

The book thus contains useful information on various aspects of imposition of Property Tax and other local taxes. Though written in the backdrop of the MCD, the book, by virtue of important case laws on property valuation, is an important source material for the officials working in civic authorities as also for the practitioners and the assessees. One, however, wishes that the scheme of chapterisation and paging of various chapters could have been simplified so that one is not foxed by the content page of this book.

—GANGADHAR JHA

*Pattern of Land Ownership and Backwardness*, KRIPA SHANKAR, New Delhi, Ashish Publishing House, 1986, pp. 119, Rs. 70.

The book presents the findings of a survey on land holding and productivity carried by the author in four villages of Jaunpur district of eastern Uttar Pradesh. The study as well as its publication has been funded by the ICSSR and Prof. P.C. Joshi worked as a Consultant to the study. The first five chapters report the findings of the survey while the last two contain author's generalisations over broader issues of rural development and poverty. The book has a large number of tables giving the survey findings on most of the relevant aspects of an agrarian economy.

Chapter I gives a brief introduction to the economy of Uttar Pradesh and to the study. Chapter II provides details of land utilisation, farm structure and productivity in the four sample villages. The average size of holding is very low. Only 5 per cent of households had land above 10 acres each. The average holding size in this group was 16.5 acres. But the per capita owned land even in this group was 1.16 acres which cannot be considered high. The per capita owned land among the sampled households averaged only 0.43 acre. It was as low as 0.12 acre in the lowest category. These figures reflect the effect of high pressures of population on land. However, the author is almost silent on this aspect. The author reports that one acre of good quality irrigated land is the minimum, on per capita basis, to provide a reasonable standard of living. "On this count almost 95 per cent of the population was condemned to live in poverty".

Chapter III deals with lease, credit, land and wage markets. Leasing is declining because the lessors now find it feasible to get the land cultivated through hired labour. Leased-in area formed only 3.48 per cent of the total owned area and 3.58 per cent of the operated area of the sample households. About two thirds (63%) of the sample households were found to be under debt. The inter-class variations were not significant. Land transactions were few and far between. Wage rates were low. Chapter IV provides a discussion of cultivation cost, capital investment and marketed surplus. A significant finding is that "there was not much marked difference in the pattern of investments among the different categories of cultivators". Chapter V describes the pattern of distribution of asset and income and comes forward with expected findings typical of our rural economy.

Chapters VI and VII contain author's ideas on utilisation of surplus, nature of development process, political economy of backwardness and ways to tackle it. Unfortunately the generalisations made in these chapters are not based on the facts presented in earlier chapters but reflect the author's 'ideology' or 'prejudices'. Many of his assertions

run counter to his own findings. Let me give two examples. On page 102, he says that yield per acre and cropping intensity have an inverse relationship with the size of holding. But contrast this with his finding on page 13, that "there was not much variation in the cropping intensity as among the different categories". And on page 35, he has reported that "there was very little variation in the yield among the farms of different size categories". In fact table 2.19 shows how yields of many commodities are higher on larger size farms. His thesis related to motivation for work and efficiency as given on pages 101-102, therefore, loses much of its force. Even hired workers can be productive if they face the danger of losing their jobs and thereby becoming unemployed and if the employer is alert and watchful. He blames the large farmers for not making investments on land improvement, soil conservation and land reclamation, etc., and suggests that small farmers would have done this. But on the same page (103) he also writes that "the programmes of land reclamation, soil conservation, water conservation, augmentation of irrigation sources, social forestry, etc., are such which can not be generally undertaken by individual cultivators". There are several other deficiencies of these two chapters. He comes to far fetched generalisations about the existence of fellow land. But he is not giving any information about the physical characteristic of this land. Is it free from the problem of the alkalinity or salinity? On page 104, he blames the bureaucracy but gives no evidence in support of his allegation. It would have been better if the last two chapters which are not based on findings of the survey had been omitted.

The book is useful in that it gives some facts for typical villages in poverty stricken eastern Uttar Pradesh. The presentation of survey findings is effective. Its main deficiency lies in the author's attempt to provide generalisations unsupported by or even contrary to facts.

—KAMTA PRASAD

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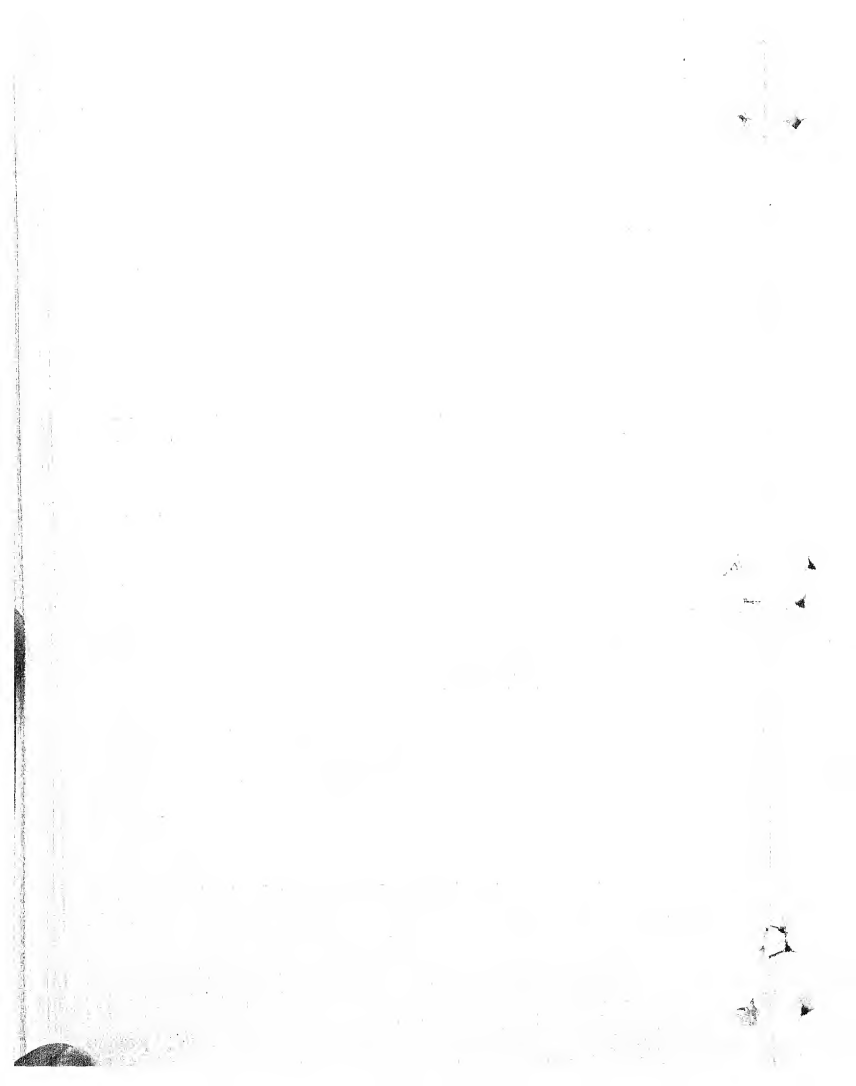
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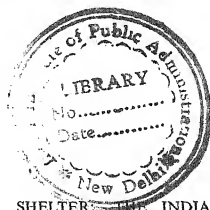
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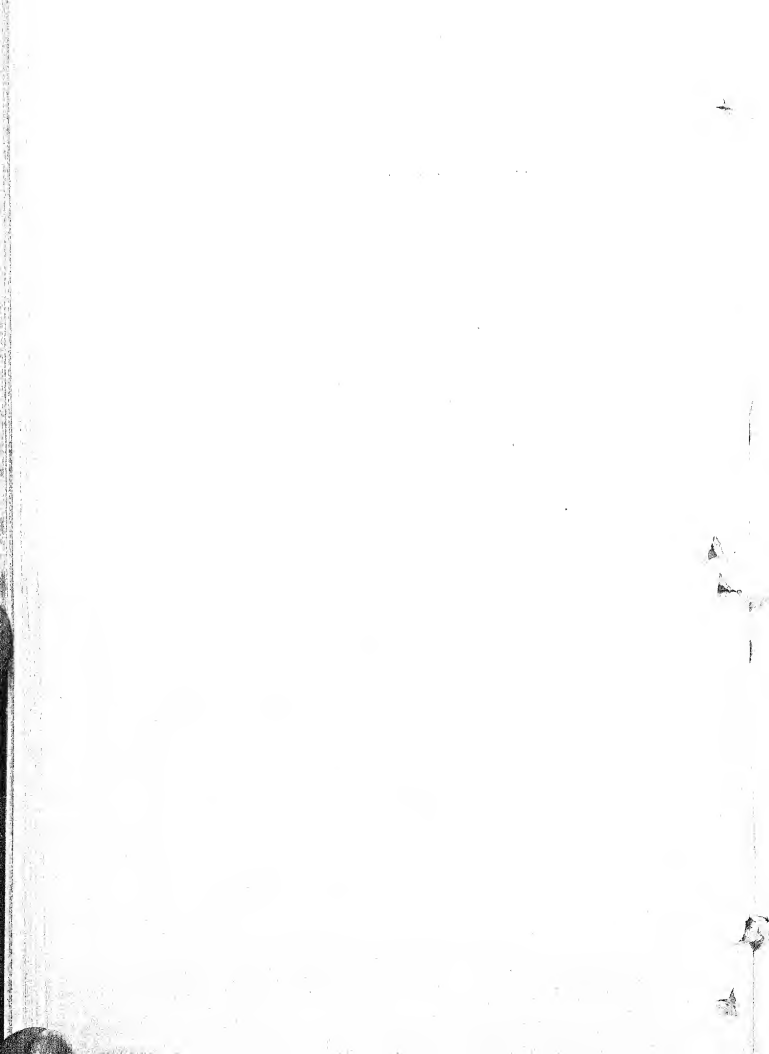
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## *Our Contributors*

### **Articles**

SHRI P.B. ANAND is Consultant, Vastu Shilpa Foundation, Ahmedabad.

SHRI H.U. BIJLANI, a former Chairman and Managing Director, HUDCO, is presently a consultant in Slum Improvement project founded by the UK Government in Andhra Pradesh and Madhya Pradesh.

SHRI C.V. ANAND A BOSE is Managing Director, The Kerala State Coire Corporation Ltd., Alleppay.

SHRI C.S. CHANDRASEKHARA is a former Chief Planner, Town and Country Planning Organisation, Government of India and Director, School of Planning and Architecture, New Delhi.

SHRI INDRAJIT CHOUDHURI is Joint Secretary, Housing and Human Settlements Division, Union Ministry of Urban Development, New Delhi.

PROF. ABHIJIT DATTA is Professor of Urban Administration and Development and Municipal Finance, Centre for Urban Studies, Indian Institute of Public Administration, New Delhi.

SHRI KUSHAL DEB is Senior Research Fellow, Department of Sociology and Anthropology, University of Hyderabad, Hyderabad.

SHRI A.K. JAIN is President, Association for Settlements and Housing Activitives, New Delhi.

DR. AMITABH KUNDU is Director, Research, Indian Council of Social Science Research, New Delhi.

DR. VINAY D. LALL is Director, Society for Development Studies, New Delhi.

SHRI G.C. MATHUR is Director, National Buildings Organisation, New Delhi.

Ms PRANOTI MODI is a practising Architect Planner in Ahmedabad.

SHRI PANKAJ MODI is an Architect Planner associated with the Ahmedabad Study Action Group, Ahmedabad.

PROF. RATNA NAIDU is Professor, Department of Sociology and Anthropology, University of Hyderabad, Hyderabad.

SHRI SURENDRA NATH is Member, Board of Revenue, Madhya Pradesh, Gwalior.

SHRI A. MALLA REDDY is Research Officer, Regional Centre for Urban and Environmental Studies, Osmania University, Hyderabad.

SHRI KALYAN ROY is Deputy Director, AME Unit, Calcutta Metropolitan Development Authority, Calcutta.

DR. K.S.R.N. SARMA is Reader in Urban Finance, Centre for Urban Studies, Indian Institute of Public Administration, New Delhi.

SHRI S.K. SHARMA is Chairman and Managing Director, Housing and Urban Development Corporation, New Delhi.

SHRI V. SURESH is Regional Chief, Housing and Urban Development Corporation, Bangalore.

SHRI CHETAN VAIDYA is Manager, Operations Research Group, Baroda.

DR. KIRAN WADHVA is Associate Professor, National Institute of Urban Affairs, New Delhi.

### **Book Reviews**

SHRI SAYED S. SHAFI is former Chief, Town and Country Planning Organisation, Government of India, New Delhi.

## *Editorial*

Besides food and clothing, shelter happens to be the basic need of human beings and yet, a substantial proportion of total population is deprived of this basic need. The subsistence and even below subsistence level of living in rural areas compel a large segment of rural populace to make a choice between a roof over the head without a source of living in villages to a source of employment without a shelter in urban settlements. Food being the first order need among the basic needs, they seemingly opt for the latter. The result is an explosive rate of immigration which aggravates the already grim housing situation in cities and towns. Slums, squalid and squatter settlements increase by leaps and bounds and the number of those sleeping on pavements goes on multiplying. A very large segment of urban population has to live a life as second grade citizens devoid of even the modicum of basic civic services and protection from the hostile weather conditions.

Public programme for augmentation of shelter being at a modest scale due to the constraints on resources, it gets overwhelmed by the sheer magnitude of the housing requirement for various income groups. Moreover, public housing, by and large, does not conform to affordability and also the tests and preferences of the clientele groups with the result that the constructed units pass on to the higher income groups. In many instances, public housing schemes do not take care of the life style and work-home relationship of the beneficiaries which creates avoidable economic disruptions. The strategy for shelter therefore has to be based on the obtaining socio-economic conditions.

The plight of a substantial section of urban population belonging particularly to the low income groups as also the need to impress upon the comity of nations impelled the United Nations to designate 1987 as the International Year of Shelter for Homeless. We therefore thought it apt to devote this number of our journal to Urban Shelter for the Homeless. We identified a wide spectrum of relevant contemporary issues involved in shelter programme for highlighting them, to get papers written on various facets of the shelter

programme as it has been conceived and implemented and as it ought to be conceived. The issues identified included public policy and facilitators role, land policy for shelter, security of tenure, planning and design, building bye-laws and regulation, legal and administrative impediments to shelter programme, private sector's role in shelter programme, financing of shelter programme and cost recovery, accessibility of the urban poor to public and social housing, rental housing as an alternative to ownership, building material for affordable shelter, manpower requirements for shelter programme, improving the construction skills for shelter, slums upgradation and sites and services, people's participation in building and maintenance of shelter, the NGO's role in shelter programme and training for management of the shelter programme.

We invited a large number of experts in the field to contribute papers for the special number. Though all the above issues and themes could not be covered despite our best efforts, the papers included in this special number do give a wide range of coverage to the various themes and also a flavour of the various dimensions of the shelter programme. A bird's eye view of the thematic contents of the papers is given below.

Indrajit Choudhuri gives a comprehensive account of the existing scenario of public policy for shelter as it has evolved over the years. He believes that the scale and the magnitude of the problem require a comprehensive approach to public intervention and policy in the spheres of urban land, housing finance, low cost housing, manpower development, rental housing, housing renewal and roping-in of non-governmental organisation.

A.K. Jain believes that human habitat and shelter are being tackled in a fragmented manner leading to a state of complex crises. This has created contradictions too. He, therefore, advocates an 'ethics' for solving the problem of shelter. The basic ethics as well as political imperative, according to him, call for taking a human environment view for facilitating employment, services and formation of communities of which shelter is a by-product. Instead of asking people to participate in the shelter programme organised by formal agencies, the agencies themselves will have to get organised to participate in the settlement development and shelter process of the people.

Amitabh Kundu views the problem of shelter in a wider context of rural migration and the growth of informal sector and settlements in urban areas. Public housing programmes have been characterised

by inflexibility and non-conformance to the preferences of the people with regard to house design, space utilisation, etc. Even the poor households have considerable hidden resources in terms of their idle labour which needs to be effectively harnessed through appropriate investment. Kundu, therefore, feels that government should confine to the playing of facilitator's role by providing an easy access to land, building material, finance and so on.

The magnitude of shelter problem is so large that public housing programmes prove to be ineffective in terms of coverage, standards and needs. A realisation has therefore dawned upon the policy makers that public agencies should play the role of facilitators. S.K. Sharma deals with various dimensions of facilitator's role, viz., provision of land, infrastructures, finance, building materials on easier terms, development of skills, know-how and reorienting legislative provisions with regard to shelter. The responsibility of construction of shelter, in such a framework, should then be left to personal initiative of the households. He lists out the priority areas in this regard.

Anand, Bose stresses on the need to bring about a basic change in the existing philosophy. According to him, the key indicators of mass housing from the beneficiaries' point of view are affordability, accessibility, adaptability and acceptability. Although there is a spurt of innovative ideas and new technologies in the country, the beneficiaries are still ignorant of them. He, therefore, emphasises a wider dissemination of information. He refers to the modest beginning made in this regard at Quilon in Kerala by creating a forum called "Nirmethi Kendra" (building centre) which has been accepted by the Central Government and HUDCO. The Kendra has been instrumental in providing the necessary delivery system in technology transfer and upgradation throughout India.

Affordability has been a major problem in relating public housing programme with the shelter need. G.C. Mathur discusses the ways and means of making the shelter affordable by the low income groups and EWS. The cost reducing devices suggested by him include efficient and economical use of space, structural economy, increasing use of cheaper substitute material, adoption of new construction techniques and economic specifications.

P.B. Anand questions the prevailing practice of looking at urban problems in an ad hoc manner without any proper framework for examining the effectiveness and feasibility of various strategies at the city level. He, therefore, goes on to develop a framework for deci-

sion-making. Reviewing the attempts made in the past in this regard, he finally suggests a framework consisting of six modules. He analyses the virtues as also its limitations.

The next two sets of papers raise the issues in financing of shelter and the scope and feasibility of cost recovery in shelter programme.

Vinay D. Lall, deals with institutional finance for shelter. He examines the prospects of the National Housing Bank and the recent initiative taken by some of the nationalised Commercial Banks in this regard. These initiatives notwithstanding, he feels that the real issue is how to make finance accessible to all the segments of population. For this he suggests to develop specific programmes for specific target groups. He offers useful suggestions in this regard.

Constraints on the availability of funds on a large scale due to need for allocating it to other priority sectors of Indian economy call for replicating the shelter programme on a sustained basis. This inevitably necessitates adherence to cost recovery from the beneficiaries. This, however, is easier said than done. How much and which costs should be recovered? How do we relate cost recovery with affordability? Kalyan Roy raises these questions and shares the experience of cost recovery in the Calcutta Metropolitan District.

Land Ceiling and Rent control Acts (RCA) are the two important instruments affecting the housing stock. There seems to be now a unanimity of opinion that instead of augmenting the housing stock, these have created obstacles. Kiran Wadhva, therefore, analyses repercussions of these two Acts on housing and suggests remedial measures conforming to the obtaining real situation in the housing market. RCA happens to be the theme in the papers of Abhijit Datta and Surendra Nath. Abhijit Datta recounts the problems created by the RCA. He reviews the suggestions offered by the Jha Commission and the National Commission on Urbanisation and maintains that any framework of solution must take into account the rent and occupancy aspects of tenancy for relaxation of the rent control regimes. Surendra Nath argues that the RCA was conceived as a war time restriction and suggests to review it.

V. Suresh deals with development control, building bye-laws and planning standards. He feels that the elaborate code and standards play a vital role but also a deterrent role in shelter programme. He analyses adverse effects of these codes and pleads that there is a need to bring them in line with the provisions of the National Building Code prepared by the Bureau of Indian Standards. This, he feels,

would cater to the housing needs of the poorer sections in a realistic manner.

C.S. Chandrasekhara and Chetan Vaidya deal with rental housing which has been quite often suggested as an important component of public housing. Chandrasekhara explores the scope of rental housing in Indian situation and feels that, so far, the entire effort in social housing and shelter programme has been directed towards ownership housing. He suggests that it is high time we recognise the virtues of rental housing and adopt it as an important segment of public policy and programmes. He lists various good points about rental housing. Rental housing in Madras forms the theme of Chetan Vaidya's paper. As Madras has the 'most progressive' Rent Control Act (RCA), it provides a fascinating opportunity for studying the impact of RCA on housing stock. He concludes that despite a progressive RCA, the national and local level taxes have introduced an economic bias against rental housing.

Pankaj Modi and Pranoti Modi take a community view of shelter programme. They feel that housing is not a commodity, it is a complex process involving not only a roof over the head but also long term socio-economic development process. They, therefore, study housing projects from the point of view of community development and the linkages between the two. They have done this on the basis of two case studies of IUDP implemented by the NGO and the 'Save a Rupee a Day' scheme implemented by the Gujarat Housing Board. They present a methodology of dealing with low-income households.

Shelter programme does not necessarily mean construction of altogether new houses. The informal and autonomous settlements manifested in the form of slum and squatter settlements constitute a substantial housing stock. It, however, requires improvement of environment for making them hygienic and wholesome. H.U. Bijlani discusses various ways and means of upgradation of such settlements. He suggests a strategy for the physical and socio-economic upgradation of slums and squatter settlements.

Ratna Naidu and Kushal Deb study the upgradation programme as it was conceived and implemented in Hyderabad on the basis of Urban Community Development (UCD). This particular programme takes a total view of shelter by including components like water supply, environmental improvement, economic upliftment, education, health, nutrition and recreation. They also mention the

pressure and pulls associated with this scheme as also the problems encountered in implementation. A. Malla Reddy gives an account of the UCD approach to slum upgradation and shelter programme by presenting a case study of Naik Nagar in Hyderabad.

K.S.R.N. Sarma examines issues involved in the management of shelter upgradation and the need for training in this regard. Arising out of gaps in the contemporary shelter upgradation programmes, he identifies four important areas requiring immediate attention. These pertain to project formulation, inter-agency coordination, community participation and mobilisation of savings for shelter upgradation. He suggests the ways and means of organising training at different levels to take care of these gaps.

With these varied themes and dimensions of shelter programme, it is hoped that this special number will prove to be useful for the policy makers, academics, urban administrators, town planners and the students of Indian urban development. It is also hoped that this will be able to create further dialogue on various facets of shelter programme and help in crystallising of policies for shelter programme and its implementation.

—Editor

## *Public Policy for Urban Shelter: The Indian Scenario*

INDRAJIT CHOUDHURI\*

IN A situation as diverse and complex as ours, a public policy for urban shelter has necessarily to be both broad based yet specific enough to ensure that the needs of different categories of the population belonging to separate income levels in different regions of the country both urban and rural should be met. It is essential also to ensure that priorities are fixed so that the weakest section of the society such as the shelterless and the economically weaker sections also get due attention.

In the large urban centres specially in the metro cities, the housing condition is visible in its most critical form as also at its most opulent, displaying both the quantitative and qualitative dimensions of the situation. With the rapid pace and scale of urbanisation and the population increase in the metropolises in the past two decades, the increase in the housing stock has not kept pace with the requirements, as the rate of construction of houses has not increased sufficiently to meet the housing crises. On the other hand, specially in the larger towns where the increase in population has occurred at an unprecedented scale, there has been a significant contribution by people in providing shelter for themselves and their families even though it has often been make-shift and temporary. The small and medium towns also present a picture of neglect and decay partly due to lack of economic activity and employment opportunities for the inhabitants residing in these towns and as a consequence affecting housing conditions adversely. The imbalance has partly arisen as most of the urban investments have taken place in the larger class I cities with a population of one lakh and above, and more so, in the metropolitan cities. Paradoxically, this very factor has led to creation of slums and squatter settlements.

It is, therefore, particularly encouraging that during the past two years the Government of India has taken several initiatives for the hous-

\*The views expressed by the author are of his own and do not reflect the views of the government.

ing sector in evolving and preparing a comprehensive draft National Housing Policy, and promoting institutional development in the housing sector. The comprehensive draft National Housing Policy had been prepared on the basis of views received from the state governments, professionals, and experts and had been widely circulated for eliciting views from persons in all walks of life including professionals, trade unions, experts, academicians, Parliamentarians, NGOs, and other specialised institutions. In a country as large as ours, with wide variations of needs, the finalisation of a comprehensive national housing policy has understandably taken time. It is heartening to find that the Conference of Housing Ministers of State Governments in May, 1987 endorsed a comprehensive draft National Housing Policy which is now being finalised. While the National Housing Policy would have to lay down objectives and priorities, it would necessarily also have to focus on different aspects which contribute to the housing process such as supply of land, availability of finance and credit, manufacture and distribution of building materials, adoption of appropriate technologies, development of manpower, upgrading of skills and institutional development for the housing sector. It would also be necessary to ensure an increase in investments for housing and that resources in this regard are distributed and utilised in a manner which would enable all sections of population, especially those belonging to the poorer sections, to have an affordable shelter suited to their needs.

The need for formulating guidelines for national housing had exercised the minds of the members of the National Planning Committee even prior to Independence. A sub-committee<sup>1</sup>, on National Housing was set up under the National Planning Committee. It observed that "Housing or provision of shelter must be regarded as one of the most important of the public utilities and social services, an indispensable necessity of life which will have to be attended to as an integral part of the national plan". When the planning process began in the country in the early Fifties, the planners recognised the importance of housing in the national economy and the life of the people.<sup>2</sup> Accordingly, the investment in the First Plan 1951-55 was to the tune of Rs. 1,150 crore.<sup>3</sup> (Rs. 250 crore in the public sector and Rs. 900 crore in the private sector) which was 34 per cent of the total investment in the economy. The investment in housing in the public sector was primarily made due to the difficult economic situation prevailing immediately after independence and also because it was recognised that private enterprise had *proved incapable of meeting the housing needs* and so the State had to assume

<sup>1</sup>National Planning Committee Series, *Report of Sub-Committee*, National Housing.

<sup>2</sup>Planning Commission, *First Five Year Plan*, New Delhi.

<sup>3</sup>NBO, *Housing Statistics at a Glance*,

direct initiative and responsibility in this field to an increasing extent. Yet these efforts could not arrest the growth of slums.

During the Second Plan period (1956-60), the planners attempted to control the emergence of new slums through strict enforcement of municipal laws while simultaneously carrying out improvement of slums only where it was feasible. However, it was gradually recognised that mere slum clearance was not a solution inasmuch as it involved high costs for acquisition of land and properties and unwillingness of slum dwellers to shift to new locations away from their place of work. Also the high cost of subsidising construction of new houses was equally prohibitive. Housing was still viewed in the conventional context of providing built houses which were costly and beyond the affordability of slum dwellers.

The Third Plan (1961-66) reflects the views that housing cannot be looked at in isolation. It states as follows:

Firstly, housing policies need to be set in the larger context of economic development and industrialisation, both large-scale and small-scale, and the problems likely to emerge over the next decade or two. Proposals relating to location and dispersal of industries will, therefore, be of increasing importance in the solution of housing problem. In the second place, it is necessary to coordinate more closely the efforts of all the agencies concerned whether public, cooperative or private . . . . In the third place, conditions have to be created in which the entire programme of housing construction both public and private, must be so oriented that it serves specially the requirements of the low income groups with the community.

The Forth Plan document further reflected these views which stated as follows:

According to present projections, the urban population is expected to increase from 79 million in 1961 to nearly 152 million in 1981 . . . . The social and economic costs of servicing large concentrations of population are prohibitive. Beyond a certain limit unit costs of providing utilities and services increase rapidly with increase in the size of the cities. In the ultimate analysis, the problem is that of planning the spatial location of economic activities throughout the country. A beginning must be made by tackling the problem of larger cities and taking positive steps for dispersal through suitable creation of smaller centres in the rest of the area.

As can be seen, the urban population projection and trends were remarkably accurate forecasts. The document has stressed the need for limiting the growth of larger cities and dispersal of population alongwith

planning of suitable new regions/centres. It emphasised that a positive approach in relation to balanced growth of bigger cities and small towns was necessary. Also the setting up of institutions like the Housing and Urban Development Corporation at the national level and State Housing and Development Agencies was encouraged.

During the Fifth Plan (1974-78) and the Sixth Plan (1980-85) periods, there was an increasing awareness about the importance of housing in creating employment for the semi-skilled and unskilled and in improving the incomes of the relatively poorer sections of the society. It was realised that housing is an activity which is labour intensive and can be expanded on a country-wide scale both in the urban and rural sectors. There was a realisation that a large number of people live without adequate shelter. It was, therefore, felt that direct public sector housing must be encouraged and must be directed towards benefiting the maximum number of people and directed towards the economically weaker sections and lower income groups. At the same time emphasis was laid on the need for special efforts to secure reductions in the costs of public housing schemes by reviewing standards, promoting resources development and use of cheap and durable locally available building materials.

However, the Task Force-IV on "Shelter for the Urban Poor and Slum Improvement" in its report in 1983 highlighted the fact that although there was a distinct shift of emphasis from formal housing to sites and services and self-help programmes, there is no evidence that it actually happened and it recognised that the cheapest house built by public agencies was way beyond the means of the economically weaker sections and low income groups. It also emphasised that total production of houses through such budgetary support over a period of 30 years met only a fraction of the requirements. It came to the conclusion that although these plan schemes have played an important role as catalysts in the housing sector, initially they have mostly benefited the middle and higher income groups and in terms of the total requirements have made a marginal contribution only. The bulk of the housing of all income groups, particularly the poor, is supplied by self help efforts and private initiative in a variety of ways, and the Group, therefore, made an important recommendation that budgetary allocations would go a much longer way if utilized almost exclusively for infrastructure and land development with heavy emphasis on delivering cheap serviced sites to the poor.

Similarly, the Working Group appointed by the erstwhile Ministry of Works and Housing in 1981 for recommending ways and means to stimulate private housing specifically concentrated on suggesting that fiscal incentives and institution building through setting up of a mortgage insurance corporation and a specialised housing finance institution for providing home loans and removing legal bottlenecks should be promoted. It recognised that developed serviced land would have to be

provided and specifically recommended sites and services schemes and provision of land at pre-determined rates to housing cooperative societies to promote group housing in larger cities. It also recommended simplification of procedures regarding leasehold land which could be made mortgageable and transactionable.

The Seventh Plan document which is for the current period 1985-90 clearly indicates as follows:

A certain minimum standard of housing is essential for healthy and civilised existence. The development of housing, therefore, must enjoy high priority in a poor society such as ours where housing amenities are far below the minimum standards that have been internationally accepted. Housing activity serves to fulfil many of the fundamental objectives of the Plan; providing shelter, raising the quality of life particularly of the poorer sections of the population; creating conditions which are conducive to the achievement of crucial objectives in terms of health, sanitation and education; creating substantial additional employment and dispersed economic activity; improving urban-rural and inter-personal equity through the narrowing down of differences in standards of living and last but not the least, generating additional voluntary savings.

It is, therefore, apparent that thinking on urban housing policy issues has been evolving over a period of time. What were considered ideal solutions have not necessarily fulfilled earlier objectives of meeting the total housing needs, yet these endeavours have played a significant and essential role in suggesting possible solutions and policy directions for shelter. It is, therefore, encouraging that, at present, specially in the International Year of Shelter for the Homeless, considerable interactions, discussions and debate have taken place on what will be an effective housing policy. However, this issue has to be considered, in the backdrop of current trends of urbanisation that have occurred in the country in the past few decades and also in the nature of urbanisation, which has completely altered the housing scene.

The Interim Report of the National Commission on Urbanisation has similarly focused on the need to spare land for housing by providing suitable incentives and disincentives for its utilisation and has also suggested suitable amendments in the Rent Control Laws to stimulate housing activity. It has recommended rationalisation of the Rent Control Acts, which, while protecting existing tenancies, will provide adequate incentives for new construction.

The trend of urbanisation in India as per 1981 Census is indicated in Tables 1, 2 and 3.

It may be seen that class I cities comprising 216 in number, constitute

only 6.6 per cent of the total number of urban agglomerations. However, they contain 60.37 per cent of the total urban population. Out of the urban population of 156 millions, nearly 42 million live in metropolitan cities. The growth rate of different categories of cities is indicated in Table 4.

TABLE 1 NUMBER OF URBAN AGGLOMERATIONS AND TOWNS IN INDIA\*, 1901-81

Size class	1901	1911	1921	1931	1941	1951	1961	1971	1981
I-VI	1,834†	1,776	1,920	2,049	2,210	2,844	2,330	2,531	3,245
I	24	23	28	33	47	74	102	145	216
II	42	39	45	54	77	95	129	178	270
III	135	142	153	193	246	330	449	570	739
IV	393	364	370	439	505	621	732	817	1,048
V	750	712	741	806	931	1,146	739	641	742
VI	490	495	583	524	404	578	179	150	230

\*Excludes Assam and Jammu & Kashmir.

†Three towns of Goa, Daman and Diu existed before 1950 but have been excluded from this statement, since their population in previous censuses, *i.e.*, 1901 to 1941 could not be ascertained and could not be assigned to their appropriate class.

TABLE 2 PER CENT DISTRIBUTION OF URBAN AGGLOMERATIONS AND TOWNS BY SIZE CLASS IN INDIA\* 1901-81

Size class	1901	1911	1921	1931	1941	1951	1961	1971	1981
I-VI	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
I	1.31	1.29	1.46	1.61	2.13	2.60	4.38	5.73	6.66
II	2.29	2.20	2.34	2.64	3.48	3.34	5.54	7.03	8.32
III	7.36	8.00	7.97	9.42	11.13	11.60	19.27	22.52	22.77
IV	21.43	20.49	19.27	21.42	22.85	21.84	31.41	33.46	32.29
V	40.89	40.15	38.59	39.34	42.13	40.30	31.72	25.33	22.87
VI	26.72	27.87	30.37	25.57	18.28	20.32	7.63	5.93	7.09

\*Excludes Assam and Jammu & Kashmir.

TABLE 3 DISTRIBUTION OF URBAN POPULATION BY SIZE CLASS, 1901-81

Size class	1901	1911	1921	1931	1941	1951	1961	1971	1981
I-VI	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
I	25.71	27.19	29.40	30.60	37.93	44.31	50.77	56.21	60.37
II	11.29	10.49	10.38	11.95	11.41	9.95	11.00	11.24	11.65
III	15.77	16.52	16.13	16.98	16.52	15.79	17.41	16.32	14.35
IV	20.92	19.85	18.32	18.07	15.84	13.79	13.00	11.20	9.52
V	20.13	19.31	18.67	17.13	15.13	13.04	7.03	4.57	3.61
VI	6.18	6.64	7.10	5.27	3.17	3.12	0.79	0.46	0.50

TABLE 4 CONTRIBUTION TO URBAN POPULATION BY SIZE CLASS OF TOWNS

Size class	Population addition, 1971-81	Contribution to total urban population		Growth rate	
		1971	1981	1961-71	1971-81
I-VI	49,221,973	100.00	100.00	+37.91	+46.02
I	34,169,623	56.21	60.37	+52.67	+56.83
II	6,161,954	11.24	11.65	+40.94	+51.22
III	4,959,377	16.32	14.35	+29.27	+28.41
IV	2,879,295	11.20	9.52	+18.85	+24.03
V	754,531	4.57	3.61	-10.38	+15.44
VI	297,193	0.46	0.50	-19.70	+60.74

In a study conducted by the Town and Country Planning Organisation, the distribution of estimated urban land under various uses in India, as per 1971 Census is indicated in Table 5.

TABLE 5 ESTIMATED URBAN LAND UNDER VARIOUS USES IN INDIA (1971)

Land Use Classes	(Sq. Km.)							
	10 lakh and above	5 to 10 lakh	1 to 5 lakh	All Classes I	50,000 to 1 lakh	20,000 to 50,000	Below 20,000	All Classes
Residential	577	269	1,422	2,268	823	948	1,007	5,046
Commercial	37	26	85	148	51	59	110	368
Industrial	104	113	191	408	137	303	229	1,077
Parks and Play-grounds	85	28	124	237	76	154	84	551
Public and Semi-public	175	122	452	749	168	256	435	1,608
Roads and Streets	152	84	402	638	219	380	488	1,725
Vacant Land	516	87	448	1,051	359	458	959	2,827
Other Uses	386	83	406	875	384	413	1,086	2,758
TOTAL	2,032	812	3,530	6,374	2,211	2,971	4,398	15,960

The study of the TCPO also estimated that out of the total of 43,420 sq. kms. of urban land, only 15,960 sq. kms. of land was under different urban uses. It has been estimated that with the doubling of population by the end of the decade, additional land required for urban use would be 13,000 sq. kms.

This rapid urbanisation has serious implications with regard to availability and escalation of land prices on an unprecedented scale when compared to earlier periods. This is despite the fact that the

public sector also took large scale initiatives to acquire land on a tremendous scale. The high increase in land prices and density of population is reflected in Table 6.

TABLE 6 METROPOLITAN AND CAPITAL CITIES WITH POPULATION, DENSITY, THE PERCENTAGE VARIATION BETWEEN 1971 AND 1981

Sl. No.	Name of the city	Population 1981 in lakh	Density 1981 Persons (per sq. Km.)	Percentage variation between 1971 and 1981			1983 price of land per sq. (Rs.)
				Popula- tion	Area	Den- sity	
1.	Calcutta	91.94	10,788	31	50	-13	2,243*
2.	Bombay	82.43	13,671	38	38	0.2	15,000
3.	Delhi	57.29	10,594	57	22	30	—4,500*
4.	Madras	42.89	7,500	35	8	26	1,345
5.	Bangalore	29.21	7,990	77	109	-16	1076†
6.	Ahmadabad (M)	20.60	20,985	30	5	23	800
7.	Hyderabad (MC)	25.46	8,528	42	08	42	238
8.	Puna	16.86	4,899	48	6	31	1,800
9.	Kanpur	16.39	5,482	29	0†	29	600
10.	Jaipur	10.15	4,832	59	-19	96	117
11.	Lucknow	10.07	6,904	24	14	8	80
12.	Patna	9.18	8,463	87	39	0.35	1,000
13.	Bhopal	6.71	2,355	125	300	-44	65
14.	Trivandrum	5.20	5,548	27	0.25	2	741
15.	Bhubhaneswar	2.19	2,367	108	42	0.46	148*
16.	Imphal	1.56	5,297	56	69	-8	413
17.	Simila	0.86	2,304	45	78	-19	600*
18.	Kohima	0.67	1,635	212	297	-21	90

\*Refers to 1982.

†Refers to 1981.

‡Hydrabad (Area for 1971 and 1981 in taken as same).

#### NEED FOR AN URBAN LAND POLICY

It is, therefore, essential that for any public policy relating to shelter, an effective land policy is a pre-requisite. The draft National Housing Policy has emphasised that a successful land management policy is a must for meeting the housing needs through increasing the land supply and making it available on an equitable and affordable basis. It has emphasised the need for making appropriate changes in land tenure systems in order to ensure conferment of tenurial rights on the landless in respect of house sites, both in rural and urban areas. Also pertinent is the need to evolve a system of incentives/disincentives for rational

utilisation of vacant land along with drawing up an inventory of urban land. To achieve this, the public and cooperative sectors must, no doubt, have to play an important role and especial efforts for meeting the needs of the shelterless and poorer sections would have to be made. The State would have to play the role of facilitator not only by ensuring land availability but taking stringent measures to curb speculation and putting a ceiling on land plot sizes, ensuring its equitable distribution through determined and innovative approaches in the various urban centres. This is essential if the challenge of urbanisation is to be met, as the decadal growth rate is already 46 per cent in the past decade, as compared to 25 per cent in the 1950s. As a result 20 to 40 per cent of the population in metropolitan cities live in slums and a large proportion live in single room dwelling units. The State would, therefore, have to ensure that in the play of market forces the concentration of land in the hands of a few does not occur. There has to be a major public sector control to ensure that land planning satisfies the needs of people in high density settlements through progressive planning laws which would plan for the majority of the population instead of for a few.

#### INCOME AND HOUSING

Today a major part of population in the informal and organised sectors build houses without any access to institutional finance or credit for home building. As a result, a large part of population is unable to build houses and have to use highly temporary materials such as jute bags, canvas, tarpaulines, packing cases, etc., for protecting themselves from the vagaries of weather. Due to inadequate income, a sizable population has to live in slum conditions specially in metropolitan cities. An idea about slum population is given in Table 7.

In the overall framework of the development of human settlements, the deterioration in housing conditions is not only destroying the environment and habitat but also affecting the emotional conditions of the households, reducing their productivity and creating a sense of hopelessness and desparation. Table 8 indicates that the number of households in poverty is likely to increase in the urban sector and in this, the major increase would be in South Asia. India, being the major partner in the sub-continent, would have to bear the major brunt, unless innovative realistic housing strategies are formulated to meet the needs of this category of population which forms a sizable percentage of the total population.

TABLE 7 ESTIMATED SLUM POPULATION BY SIZE CLASS OF  
UA/CITIES/TOWNS IN 1981\*

(Population in '000)

<i>Population size class of cities/towns</i>	<i>Number of UA/ cities/ towns (in 1981)†</i>	<i>Urban popu- lation</i>	<i>Percen- tage</i>	<i>Estima- ted slum popula- tion</i>	<i>Percen- tage</i>	<i>Percentage slum popula- tion to total population</i>
10 lakh and above	12	42,024	26.36	12,934	43.27	30.78
5—10 lakh	29	19,364	12.15	3,985	13.33	20.58
3—5 lakh	30	10,905	6.84	1,935	6.47	17.74
1—3 lakh	150	23,462	14.72	4,252	14.23	18.12
50,000—1,00,000	275	18,550	11.64	2,256	7.55	12.16
Below 50,000	2,866	45,088	28.29	4,527	15.15	10.04
All classes	3,362	1,59,393	100.00	29,889	100.00	18.75

\*Population figures for Assam and Jammu & Kashmir states have been estimated on the basis of the 1981 Census data of other states.

†Number of towns in Assam and J & K in 1971 Census have been taken.

SOURCE: National Buildings Organisation.

#### HOUSING FINANCE

The Seventh Five Year Plan document had indicated the proposal for setting up a *National Housing Bank* on the lines of NABARD (National Bank for Agriculture and Rural Development) during the current plan period. A series of feasibility studies were undertaken. A seminar was organised by the Indian Institute of Public Administration in collaboration with the Ministry of Urban Development in March, 1986 which focused on the issue of not merely providing financial resources for housing but also for developing an economic and viable housing finance system through network of institutions and mechanisms to meet the needs of different income groups of population, as proper utilisation and distribution of resources was critical to the housing process. It is, therefore, a matter of deep satisfaction that in February, 1987, the Prime Minister in his Budget Speech announced as follows:

Housing is high on our list of priorities. It is a basic need. It also generates employment. We propose to launch a comprehensive programme for housing development, particularly housing for economically weaker sections. . . . A new financial structure will be created to provide funds for housing. At the apex level, a new national housing bank will be set up by the Reserve Bank of India with an equity capital of Rs. 100 crore. This bank will promote

TABLE 8 PROJECTED GROWTH IN THE NUMBER OF HOUSEHOLDS IN POVERTY: RURAL AND URBAN, 1975-2000  
(in '000)

<i>Region</i>	<i>1975</i>	<i>Increase or decrease</i>	<i>1980</i>	<i>Increase or decrease</i>	<i>1990</i>	<i>Increase or decrease</i>	<i>2000</i>
<b>URBAN POOR HOUSEHOLDS</b>							
Eastern Africa	1,039	+330.5	1,369	+1,175	2,544.5	+2,158.5	4,703
Western Africa	1,072	+333.0	1,405	+861	2,266.0	+961.0	3,227
East Asia and the Pacific	2,664	+1,491.0	4,155	+956	5,111.0	+633.0	5,744
South Asia	10,213	+3,757.0	13,970	+7,285	21,255.0	+11,300.0	32,555
Europe, the Middle East and North Africa	5,581	+669.0	6,250	+1,324	7,574.0	+1,169.0	8,743
Latin America and the Caribbean	12,945	+1,078.0	14,023	+2,775	16,798.0	+2,530.0	19,328
<b>TOTAL</b>	<b>33,514</b>	<b>+7,658.5</b>	<b>41,173</b>	<b>+14,376</b>	<b>55,548.5</b>	<b>+18,751.5</b>	<b>74,300</b>
<b>RURAL POOR HOUSEHOLDS</b>							
Eastern Africa	5,902.5	+555.5	6,458	+1,100	7,558	+1,067	8,625
Western Africa	2,670.0	+268.0	2,938	-450	2,488	-250	2,238
East Asia and the Pacific	14,327.0	-1,774.0	12,555	-834	11,719	-1,847	9,872
South Asia	49,477.0	-878.0	48,799	-7,763	41,036	-8,327	32,709
Europe, the Middle East and North Africa	4,563.0	-802.0	3,761	-1,428	2,333	-930	1,403
Latin America and the Caribbean	6,040.0	-1,108.0	4,932	-1,904	3,028	-1,407	1,621
<b>TOTAL</b>	<b>83,279.5</b>	<b>-3,738.5</b>	<b>79,441</b>	<b>-11,279</b>	<b>68,162</b>	<b>-11,694</b>	<b>56,468</b>

housing institutions at both local and regional levels. The Reserve Bank will be announcing the details separately.

It is indeed gratifying that the National Housing Bank Bill has been passed by both the Houses of Parliament and it will shortly become a reality. The National Housing Bank provides, amongst other activities, for the following:

- promoting, establishing, supporting or aiding in the promotion, establishment and support of housing finance institutions;
- formulating one or more schemes, for the purpose of mobilisation of resources and extension of credit for housing;
- formulating one or more schemes, for the economically weaker sections of society which may be subsidised by the Central Government or any State Government or any other sources;
- making of loans and advances or rendering any other form of financial assistance whatsoever to housing finance institutions and scheduled banks;
- providing guidelines to the housing finance institutions to ensure their growth on sound lines.

The bank would be under the control of the Reserve Bank of India and it is expected that various policy objectives for a sound and healthy housing finance system for meeting the requirements of different income groups of population would, in times to come, be achieved.

#### HUDCO

It is worth noting that financing housing even for the economically weaker sections and lower income groups could be a feasible preposition. The Housing and Urban Development Corporation (HUDCO) which is an apex level public sector housing finance institution has sanctioned a total of 4988 schemes with a project cost of Rs. 3,88,806 lakh with loan sanction of Rs. 2,58,452 lakh in various states. The number of dwelling units sanctioned is around 30 lakh out of which around 20 lakh were for economically weaker sections category. A total of approximately 2 lakh plots were also sanctioned during the same period and out of this, about 1.15 lakh plots were for the economically weaker sections.

#### *Cooperatives*

The role of cooperatives in contributing to housing has been considerable, yet it needs to be further broadened. Up to June 30, 1986, the loan sanctioned by apex societies was around Rs. 1446.5 crore and

amount disbursed was Rs. 1135.75 crore. A total of over 8 lakh houses were either completed or were under construction. In finding solutions to the housing shortage, the cooperatives can play a very important role not only in the construction of houses but also in organising different income groups, especially the low income groups, so as to help them to have access to institutional finance and resources.

### *Commercial Banks and Others*

With the strengthening of the housing finance institutions, it is also necessary that employers in the organised sector should contribute towards the solution of the shelter needs. In addition, institutional funds such as Insurance and Employees Provident Funds can play a catalytic role in developing housing activity. Similarly, there is no reason why the commercial banks should not come forward in a much larger way in direct financing of housing. So far their role has mainly been of providing indirect finance. A large proportion of the deposits are accumulated through small depositors. It is only just that they should also meet one of the prime purposes for which individual depositors save, namely, for providing a dwelling for himself and his family.

### *Public Sector Role in Low Cost Housing*

The role of HUDCO over the past decade and a half and the promotion of research by the National Buildings Organisation in low cost technology cannot be underestimated. Low cost housing for low income groups have to be increasingly promoted to solve the housing problems. However, it is essential that low cost housing should not be confined to a particular income group but should be equally effective for all income groups to maximise the benefits. In this the role of the public sector in construction of public buildings such as schools, offices and residential projects through use of low cost materials is critical. Public housing has to demonstrate the efficiency of such technology in the field of housing. The Public Works Departments, development agencies and public sector industrial townships must use more and more alternative and substitute building materials to ensure reduction of costs without affecting quality. This will reduce the difficulties with regard to non availability of conventional materials and also check the escalation of prices of building materials such as cement, steel and wood and would promote the use of alternate building materials including those from industrial and agricultural wastes. There is no reason why traditional materials such as earth, lime and stone or new building materials such as asphaltic sheets, flyash and paper panels for roofs, walls, floors, doors, etc., should not be increasingly used in all buildings. It is unfortunate that high cost buildings tend to become the standard

of aspirations of ordinary persons even though they are often unsuitable to the local climate and environment and are beyond their reach.

#### BUILDING CENTRES AND MANPOWER DEVELOPMENT

Most of the building materials produced today are in the unorganised small scale sector. It is necessary to promote building centres which would be involved in the production of building materials relevant for the shelter needs of the majority of population. Even ordinary materials like mud, lime and flyash can become useful building materials through up grading and standardisation of such building materials. The draft National Housing Policy has, therefore, laid emphasis on the use of locally produced and low cost building components and the promotion of building centres.

In this regard, the Conference of Housing Ministers held in May, 1987 passed some significant resolutions as follow:

The low cost technology be applied generally and on a wider scale and should not be restricted merely to housing for the lower and weaker sections of the community; and

Appropriate technologies and designs be evolved and higher priority be accorded for housing the poor in the hilly and inaccessible areas.

It has also focused on the need of manpower development and use of low cost building materials in resolution No. 10 and 12 which is important if there is to be an increase of housing construction activity to meet the needs of the majority of the population. The two resolutions are given below:

The Conference resolves that for improving the delivery of services under the housing sector:

- (i) suitable training programmes be drawn up and implemented for planners, architects, engineers, administrators, urban community workers, social and health workers and scientists;
- (ii) institutions imparting technical education should run courses in low cost housing and sanitation, housing management and for the training of petty contractors; and
- (iii) training facilities at various levels, including peripatetic training, be decentralised.

The Conference resolved that the building materials and techniques evolved by CBRI, SERC, RRL, NBO, etc., should be increasingly accepted and adopted for use in the housing sector and, for this purpose, further resolves that the State Housing Authorities should

use these materials and techniques at least in 10 per cent of their housing construction programmes.

The transfer of technology and use of various building materials can only be achieved if there is a close coordination between the organisations promoting the production and use of building materials and the professionals, craftsmen and users and also project authorities. The Building centre concept would involve making investments in low cost equipments which could help in improving and standardising building materials. Along with this, it would try to develop entrepreneurial skills amongst local persons who could then independently produce these building materials. The most essential input, however, would be the training of the skilled, semi-skilled and unskilled workers in the use of standardised building materials as it has been found that the only effective way to promote technology at the local level is by bringing a change amongst the craftsmen to create both an awareness and acceptability amongst the users. The experience of the Nirmiti Kendra established recently at Quilon, Kerala is one such example.<sup>4</sup>

#### NON-GOVERNMENTAL ORGANISATIONS

In our country housing activity occurs both in the informal and formal sectors. Most of the institutional resources are not available to benefit the population engaged in self-help housing in the informal sector. The role of NGOs which have greater flexibility in operation and also have local knowledge of the particular needs of the community can provide effective linkages between the various public sector and institutional agencies and the people. Urban public policy for shelter would, therefore, necessarily have to visualise the catalytic role that can be played by NGOs, voluntary organisations and citizens' groups which can help in organising the poorest sections of the population into cooperatives so as to give them better access to resources and opportunities. They can play an important role in disseminating information at grassroot level with regard to the various low cost building materials and technologies and also design programmes including income generating activities to increase the affordability of the population. The NGOs could also help in promoting use of cost reducing methods on a wider scale not only in informal sector housing but also by those in the organised sector who have a tendency to build only pucca houses using high cost materials. They would also act as a catalyst in organising the women construction workers to upgrade their skills and status and also help to focus on their especial needs in housing programmes. It would be fruitful to institute a dialogue

<sup>4</sup>See C.V. Anand Bose in this number.

through working relationship between public sector agencies and NGOs in actual implementation of housing schemes.

#### RENTAL HOUSING

Public policy would necessarily have to take a total view of the problem and has to provide an opportunity not only for ownership housing but also for rental housing. Rental housing is equally important for the population belonging to the economically weaker sections and low and middle income groups. It is, therefore, necessary that for enlarging the rental housing markets, investments in housing would have to be encouraged by suitable fiscal incentives, modifications in Rent Control Laws and providing adequate facilities for land and institutional finance. In fact, lending by institutional agencies specifically for rental housing can greatly help in solving the problem of repayments to the lender while augmenting the housing stock. In metropolitan cities, it is not often realised that the poor are paying high rents for very sub-standard housing units without proper facilities. In metropolitan cities, around 58 per cent of the households are tenants. There is thus a need to promote both ownership and rental housing. There is also a need for special category housing for widows, single women, physically handicapped persons, etc.

#### HOUSING RENEWAL

It is not only important to build new houses but also to conserve and improve the available housing stock. A large percentage of the population will continue to live in old housing stock. It is, therefore, necessary to ensure that there is a climate which favours investment in the upgradation, expansion and renewal of the existing housing stock. The policy would have to provide suitable incentives for inducing people in the maintenance of these houses in order to ensure that there is no large scale deterioration in the housing stock and there are incentives for expansion of the housing stock.

There is also a need for dispersal of housing activity. The situation in the metropolitan cities presents a grim picture. The metropolitan housing indicators show the pitiable conditions of people living in metropolitan cities. Table 9 give the houseless households/population and the percentage of population living in slums.

#### NATIONAL CITIES

The Syndicate Report on Urban Land Policy in a workshop on Policy Planning and Analysis held in Indian Institute of Public Administration,

TABLE 9 METROPOLITAN HOUSING INDICATORS, 1981

Sl. No.	Metropolitan towns*	Households per 1000 houses	Houseless households per 1000 households	Percentage of slum population	Percentage of house-holds in kutcha houses	Percentage of house-holds in 1-room	Percentage of house owners	Percentage of households having access to	
								Electricity	Toilet
1.	Hyderabad	1050	5.8	19.6	5.3	37.3	44.2	71.7	69.6
2.	Ahmedabad	1005	2.9	20.3	2.1	47.91	43.4	75.8	73.9
3.	Bangalore	1013	10.9	10.4	5.6	44.61	35.2	72.3	56.3
4.	Bombay	1021	15.4	34.3	4.3	67.29	38.5	77.6	73.4
5.	Nagpur	1036	6.1	31.9	6.0	44.80	51.6	69.8	68.6
6.	Pune	1038	5.3	16.3	4.4	60.11	32.6	76.1	59.9
7.	Jaipur	1004	3.7	29.1	4.1	42.87	58.6	78.6	75.1
8.	Madras	1015	2.4	32.1	32.5	45.50	37.6	63.4	69.7
9.	Kanpur	1017	0.5	37.5	4.0	51.68	30.4	62.5	63.7
10.	Lucknow	1063	4.3	28.3	4.4	41.27	67.1	66.8	65.6
11.	Calcutta	1015	10.3	32.9	1.3	55.12	37.4	62.9	86.0
12.	Delhi	1113	13.4	31.4	18.6	54.27	51.6	75.1	68.2
All Metropolitan Towns		1032	9.3	29.1	9.5	—	—	70.9	72.5
Urban		1046	5.5	17.5	17.6	45.5	53.1	62.5	58.1

NOTE: \*The figures for Urban Agglomeration have been used for all Metropolitan Towns.

TABLE 10 POPULATION AND OTHER DETAILS OF METROPOLISES, 1981

<i>Metro U.A.s</i>	<i>Population</i>	<i>No. of house- holds</i>	<i>No. of occupied houses</i>	<i>Households without a separate house</i>	<i>Houseless households</i>
1. Hyderabad	25,45,836	4,33,640	4,12,802	20,838	2,535
2. Ahmedabad	25,48,057	4,71,677	4,69,188	2,489	1,355
3. Bangalore	29,21,751	5,22,369	5,15,599	6,770	5,700
4. Bombay	82,43,405	16,24,535	15,90,575	33,960	25,095
5. Nagpur	13,02,066	2,34,616	2,26,444	8,172	1,435
6. Pune	16,86,109	3,22,998	3,11,028	11,970	1,720
7. Jaipur	10,15,160	1,84,425	1,83,740	685	685
8. Madras	42,89,347	8,34,288	8,22,216	12,072	2,035
9. Kanpur	16,39,064	3,05,882	3,00,690	5,192	155
10. Lucknow	10,07,604	1,83,010	1,72,133	9,877	785
11. Calcutta	91,94,018	17,46,839	17,21,143	25,696	18,060
12. Delhi	57,29,283	11,33,171	10,17,754	1,15,417	15,149
<b>TOTAL</b>	<b>4,21,21,700</b>	<b>79,97,450</b>	<b>77,44,332</b>	<b>2,53,118</b>	<b>74,709</b>

in August, 1986 at New Delhi had recommended as follows:

Metro-cities should be declared as national cities, as in case of national highways, to ensure flow of funds to these cities. They are generators of wealth, yet require strong resource support often beyond the capacity of individual states.

In its interim report of January, 1987, the National Commission on Urbanisation has also recognised the concept of national cities as the nerve centres for urban development and has recommended that in view of their critical importance they deserve Central Government support on the lines of national highways and national parks. While focusing on the contribution to the national economy of the megapolises of Bombay, Calcutta, Madras and Delhi in terms of providing regional linkages, transport network, etc., it has recommended that these cities be declared as National Cities.

#### INTEGRATED DEVELOPMENT

While there is no doubt that these large metropolitan areas require special attention, it is even more essential that the remaining cities and towns are developed. The cost of providing infrastructure, facilities and developing housing in larger cities is astronomical, often making it prohibitive. Isolated development must be discouraged. Rather there

has to be total development of settlements with close inter-connection between urban and rural settlements. To do so, it is not enough to ensure that a certain percentage of resources is released for developing infrastructure or construction of houses. It is equally necessary that investments in industries and offices are made in smaller towns and necessary facilities and incentives provided to attract such investments. An industrial location policy alongwith provision of amenities such as schools, colleges and hospitals are an essential adjunct to ensure the success of this programme. It is, therefore, necessary that the national economic planning and national housing and human settlements policy are closely interlinked. A public policy for shelter cannot be worked out in isolation but it would necessarily have to be a part of broader total framework of policies integrated into a comprehensive entity. The government's role as a 'facilitator' would imply a more innovative and meaningful role in the housing process by ensuring that resources in terms of land, building materials and technology are provided, and a climate and environment for investment in housing activity is created with control on speculative and luxury housing. At the same time, it would have to play a controlling role in ensuring that the scarce resources are used to maximise benefits in terms of shelter inputs for the majority. To do so, it would necessarily mean promoting organisations, such as cooperatives and housing and development agencies, NGOs involved in working with low income groups and ensuring flow of institutional resources in terms of finance, land and building materials to the majority of population so that people can have a decent shelter for themselves.

There has to be a conscious policy thrust and strategies in favour of the poor and the under privileged. Points No. 14 and 15 of the 20-Point Programme 1986, is a step forward in this direction. These points have been declared as the International Year of Shelter for the Homeless (IYSH) National Demonstration projects. Achievements in this regard have been as follows:

- 7.3 million plots were allotted to landless workers in rural areas.
- 2.8 million families were given construction assistance.
- 13.4 million persons in urban slums were covered by the scheme of Environmental Improvement of Urban Slums.
- 1.2 million dwelling units were constructed for the economically weaker sections of population in urban areas.

Land planning, allocation of financial resources and promotion of technology should have a definite bias in favour of this category of population while taking into consideration the needs of different categories of population. Squatting and creation of slums can be

restricted by advance action in reserving land for categories of population who normally do not have easy access and are more often than not, denied access to land. With a little bit of attention and help with regard to availability of credit and technology (including building materials and technology), the picture could be significantly changed. There is more need to use the hidden potential of the poor and the under privileged by providing them the opportunities and making it possible to develop their skills, which is a very valuable resource as far as housing is concerned. In addition, it is necessary to provide facilities on a community-basis whenever it is not possible to do so for individuals. Programmes like 'Rain Baseras' (night shelters), community toilets and baths on pay and use basis can easily be provided at very low cost. The poor are as much entitled to basic facilities as other categories of population.

The Housing Policy would necessarily have to recognise that the housing process is a continuous one and has wide regional variations and different needs for each family and community. The public policy for urban shelter has to keep in mind the different income groups and categories of population living in the 3245 towns and cities of different sizes, location and economic opportunities. The flow of resources for providing urban shelter has to be even handed and this can be achieved only with other development inputs being integrated by more coordination and meaningful dialogue between all concerned. The people's aspiration in having a decent shelter for themselves and their families must always be foremost in the minds of those who would help in policy making. The policy can succeed fully only if every citizen in the country who is more fortunately placed, also feels concerned about helping those less fortunate and without adequate shelter and joins in the efforts to provide "SHELTER FOR ALL". ☐

## *Shelter Policy: Building Brick by Brick*

A.K. JAIN

**A** PROPOS THE year of the "Shelter for the Homeless", India has been called upon to prepare a national action plan for Shelter. Apart from emphasising the importance of shelter for the homeless in various policy statements (like Five Year Plan, 20-point Programme, Draft Policy paper on Housing, etc.), the issue is being dealt with through increase in financial inputs, new programmes for construction of housing, demonstration projects by the government, local bodies, housing boards, development authorities, public, semi-public and voluntary agencies.

As housing is regarded as a sector of the economic plans and programmes, the emphasis is obviously on numbers, in terms of housing units, migration, cost of construction, investments, etc. This has consolidated a simplistic attitude and also has prejudiced notions about the concept of shelter. As a result we are faced with a paradoxical situation that the number of homeless, squatters and slum dwellers increases proportionately to the public housing programmes. The housing policy has been perceived as a segment in the hierarchy of the total national economic plan, starting from whole to parts. This often overlooks the real issues and needs of the people, who are often conceived as numbers.

To develop alternate strategies and evolution of new ethics and attitude towards the problem, it is necessary to understand the perception of the 'users' rather than depending upon the 'experts' and their intellectual assertions and convictions, who enjoy the prerogative of planning for the others with their preconceived notions.

### HOME AND SHELTER

The 'home' has been defined by the Webster's Third New International Dictionary as "the house and grounds with their appurtenances habitually occupied by a family; a social unit formed by a family living together in a dwelling; the family environment to which one is emotionally attached". Shelter is defined as a means of cover or place of pro-

tection (as from injury, exposure, observation, attack, pursuit, danger or annoyance) and appears to have originated from shell. House is defined as structure intended or used for human habilitation.

However, the concept and perception of 'shelter' emanate from individual's stand-point, perspective and background. Most often shelter is conceived as a resource which is comprised of land, structure, services and appurtenances. From the family view, it is a place of protection from injury, exposure, observation attack, pursuit or danger. It is a means of cover and security of the family and belongings. It is a source of privacy and community. From the point of view of environment, shelter is comprised of a physical environment, infrastructure and energy. It is a unit of community environment. An important aspect of shelter is its imagery value. It is a venue of events and memories, source of independence, identity and familiarity. It is a place of birth, marriage, ceremonies and death which create the life history of the individuals and the family.

Often the economic policies, plans and programmes tend to deal only with the basic needs of earning food and clothing where the human being is perceived not very different from the animal. However, the human needs are much more than survival. These are comprised of freedom and protection, dignity and self-respect, continuity and growth, variety and adventure, entertainment and recreation, beliefs and values, feeling of a purpose of life, community and relationships, mobility, physical wellbeing and health, mental peace/security and privacy and urge for information and learning. In fact the need of shelter, although a basic resource, is of secondary importance in the life cycle. It is a stage—but definitely not the play itself.

#### WHAT IS HOMELESS?

Homeless covers two different categories of have-nots: families without home and people without families. The families without home can be categorised or given below:

- (a) families without roof, like pavement dwellers and nomads,
- (b) families without right to land (e.g., squatters), and
- (c) families without their own home, comprising of tenants.

People without families are also covered under the definition of 'homeless'. They may be unmarried, divorce/separated and single migrants living separated from their families. As such, contrary to popular notion, the 'homeless' does not cover only pavements dwellers but a large variation of population and a spectrum of categories.

The question emerging from the above is who are homeless? Very often the homeless are categorised under the demographic and economic divisions of population. Under the demographic categorisation, new

families and urban migrants are covered. In terms of economic criteria rural and urban poor, unemployed/informal sector population, economically inactive, retired, handicapped would be covered. However, such categorisation is like a half truth. There is a vast spectrum of population who is homeless, besides above categories. The urban families who do not have a hereditary home or succession of property are usually homeless. Likewise transitory workers, albeit economically well off, may be homeless. In terms of social categorisation, the homeless are mostly comprised of extended families, nucleated families, aged, infirm, handicapped, unmarried, separated, divorcees, nomads, tribals, segregated castes/classes and tribals. In terms of physical and legal point of view tenants, squatters, slum dwellers and families in illegal settlements would be among the homeless. The identifications of the needs of living would provide clues to the question why the homeless need shelter, and the following reasons emerge:

- (a) Physical, energy and biological needs,
- (b) Formation and continuity of the family,
- (c) Privacy and physical security,
- (d) Economic security,
- (e) Social security, identity and expression,
- (f) Environmental entity, and
- (g) Venue of events, happenings, family cycle and daily routine.

#### WHY PEOPLE ARE HOMELESS?

There are different attitudes for the reasons why a large number of people are homeless. The conventional official approach is based on the resource view, which looks upon shelter and housing as a sector of national development through the economic programmes. The reasons for homelessness repeatedly advanced by those who subscribe to this point of view are the following:

- (a) Housing shortage *vis-a-vis* demand,
- (b) Inequitable distribution and shortage of developed land and other resources,
- (c) Poverty among the homeless population,
- (d) Inadequacy of the funds and investments,
- (e) Increase in population, rapid migration and urban concentration,
- (f) Lack of programmes, and
- (g) Conventional methods of housing production and construction.

On the other hand the activists usually assess the outdated institutional

framework, inappropriate interventions and lack of innovative policies and programmes as the main reasons for the situation of the homeless.

#### ONGOING APPROACH AND ATTITUDES

The prevailing approach and attitude towards the problem is a combination of demographic, socio-political, economic and technological attitudes. Most of the policies and programmes visualise the problem of slums, squatters and homeless as by-product of population growth and recommend even distribution of population through planned regional development for which development of small towns and rural areas is emphasised. The control on growth of population is considered a prerequisite on the face of limited resources.

The provision of low income housing and eradication of slums and squatter settlements have been recognised as political concern since the Independence. The word 'slum' which was coined in Britain during the industrial revolution in early 19th Century, was imported in India by the British, and was applied to most of indigenous settlements. The perception and attitude consolidated during more than a century of slavery were perpetuated after Independence. As such the earliest concern and programmes of human settlement pertained to the clearance of the slums. In early fifties when the slums and lack of housing were seen as manifestation of poverty and under-development, in all seriousness the Parliament enacted the "Slum Clearance Act, 1956". The demand for subsidising the housing for the poor was accepted by the government and financial provisions were made in the Five Year Plans. Several housing construction programmes were taken up for the economically weaker sections and socially backward communities. The urban land policies, development plans and legislation had been unanimous in emphasising low income housing and eradication of slums and squatters.

#### ECONOMISTS' ATTITUDE

The governments are committed for removal or mitigation of poverty and improvement in the quality of the life of the society. Social development is conceived through economic development and translated in terms of financial inputs and programmes. As such, socialist and political perceptions assume financial dimension in actual programmes and implementation. From this point of view, resource mobilisation and larger financial inputs for housing, urban development and related sectors are advocated incessantly. The models of affordability determine the parameters and standards, and shelter programmes are derived on the criteria of investments and availability of resources. The control of prices of land, development and construction becomes a primary need for a wider horizontal spread of the programme. Modern methods of

management and continuous renewal of institutional framework are generally considered essential to tackle the problems. The programmes and policies emphasise the importance of security of tenure, mortgage financing and long-term loans at a low rate of interest.

The object of improving the quality of life through economic betterment, has lead to categorisation of population on the basis of incomes. As such invariably the basis of all the housing programmes is financial criteria. The resource attitude of the policies and programmes has an in-built perception of shelter as a sensuous or animal need. The approach leads to various other problems such as:

- (a) Stratification of economic hierarchy and breakdown of socio-cultural networks.
- (b) Regimentation of attitudes, approach and physical development.
- (c) Standardisation of space, development and construction.
- (d) Centralisation of decisions and activities.
- (e) Elaborate administrative, financial and legal hurdles in self-generating settlements and evolutionary shelter.

#### DEMOGRAPHIC ATTITUDE

The objective of even distribution of population through regional and rural development have remained a pipedream. The problem of urban concentration could not be tackled through dispersal of settlements and shelter, since the people flock to the cities, not for housing but basically for employment or economic betterment. The dispersal of economic activities and employment is not a simple phenomenon, but is a complex interaction of various forces. As such most of the policies, plans and fancies for dispersal of population and rural development have remained anthromyopic. Likewise the modern over-emphasis on population control and blaming its 'explosion' for all the problems have changed the common perception where people are overwhelmingly viewed as "numbers of problems and liabilities", in place of 'resource' or simply as human beings.

#### TECHNOLOGICAL ATTITUDE

Technological concepts emphasise the efficiency and progress as the priorities and believe that mass production of shelter can solve the problem. The specifications are lowered and alternate techniques and new materials of production are suggested. The quantitative, economic, centralised and materialistic foundations of technology have led to unlivable development of shelter and have failed to overcome the crisis. The whole approach is based on lack of faith and mistrust on human creativity and their capacities. This has resulted into elimination of

human factor in the production of shelter. The production of shelter by the masses has been largely replaced by 'mass production'. The roots of outside technology in the sector of shelter have altered the patterns of motivation, decision-making, knowhow, resource generation and management. What is needed is new goals and ethics where technology is a tool, not an end.

#### ONGOING APPROACH: AN ASSESSMENT

Although there is a growing awareness, unrest and concern among the policy makers and planners, that simultaneous to higher levels of input and production of shelter—the problems continue to be stupendous, the causes are not clear. The objective of the government to provide shelter for all by the year 2000 is followed by studies of number of homeless, land, material, financial and other resources required and proposals and schemes for distribution of house sites, construction of housing and demonstration project. The programmes and policies are shackled by preconceived perceptions, such as:

- (i) Housing is a centralised and organised activity;
- (ii) housing is a package of final product;
- (iii) the standards have to be in consonance with the affordability and investments; and
- (iv) to cover a vast proportion of population, mass production and minimum size units with low specifications/infrastructure are adopted.

This has led to complex legal enactments and creation of large centralised bodies such as development authorities, housing boards, slum clearance and urban improvement trusts all over, having armies of administrators, technical and other professional experts and managers. They have their own views and perceptions about the problems and make the decisions for the community or so-called target population. The 'public participation' as euphemism, is often limited to construction of dwelling on given sites, financial investments, adding a room around a built-up core, or finishings. The decision-making process have become bureaucratic and fragmented involving more and more specialisations, which was intended to be self-governing and self-contained.

As a consequence, the human habitat and shelter are being tackled in a fragmented manner, leading to a state of convulsed and complete crisis. This has been a cause of several contradictions and a situation of crisis, where slum, squatters and homeless are increasing proportionate to the construction programmes of shelter.

To sum up, the following situation is prevailing in respect of Shelter

and Housing:

- (a) Wide gaps and contradictions exist between the policies and the programmes.
- (b) Over-emphasis on population factor tends to ignore the complexities of political, administrative, social, historical and cultural forces and often contradict with socio-economic goals.
- (c) Political and socialistic orientation of policies and programmes which concentrate on economic classification/division of the society, conceive shelter primarily as a physical need.
- (d) Subsidised programmes cover a fraction of the needy population and are unfair.
- (e) The problem has a much more complex and wider range, beyond the poor than often understood and covered by the programmes.
- (f) Shelter is basically thought of as an exclusive place of residence, contrary to the patterns of wide variety of activities in low income settlements.
- (g) The orientation of the policies and programmes is basically economic concerned with bare physical survival, which overlooks the place of 'shelter' in the overall life pattern of the human beings.
- (h) Technological concepts emphasise efficiency and progress as the priorities and generally believe that the mass production of shelter could solve the problem of shortages in supply, rather than the production by masses.
- (i) The concepts of planning (particularly towards slum and squatters) and affordability dictating standards and parameters lead to unrealistic, rigid and purely anthropometric patterns of settlements and shelter, continuously spiralling down the human habitation to the level of animals.

Shelter for a community is much more than a physical ramification of bricks and mortar. It is not an end product but an organic part of the life cycle, always generating, growing or changing. Among the poor it is not just a physical unit of living but also a place of work and earning.

Shelter is not a standard end product but a dynamic process which is continuously evolved. Shelter is not an entry point in the development process.

As such, shelter for the homeless is neither a problem of numbers and quantitative assessment nor it is a matter of simple arithmetic of land use and size of plots, investments, affordability or floor area. It cannot be tackled by creating legislation or just by organising central and local agencies. The allocation of financial resources, and production of building materials can never be the solution to the problem by themselves.

Neither it is a simple problem of evolving new techniques and alternate materials. Even if housing is accorded a preferential status in the national plans it may not make much difference, unless alternate and appropriate strategies and ethics are evolved for shelter.

As long as we keep looking at the problem of homeless as a static issue of shelter supply in bare quantitative terms, there would be an in-built distortion in the attitudes and approach. The action would remain paralysed by centralised decisions about resource allocations and the solutions to this complex problem would be based on financial planning. The fragmentation of the resources like land, labour, infrastructure and finances have resulted into various institutional obstacles making the right to habitat—right to product and utilise it—a farce for the majority of the population. Partial explanations which fail to consider the problem in an overall perspective run the risk of over-emphasising isolated problems and causes such as urban concentration, catastrophic projections about overpopulation, ecological crisis, economic limitations and production technology. The issue is not the shelter alone or isolated physical components which synergise into the habitat, but the total environment facilitating employment, services and formation of communities of which shelter is a by product and *vice-versa*. The need of shelter for the homeless must be set in a comprehensive framework. Pursuit of a human environment is a basic ethical and political imperative. As such shelter is not an end product or a standardised commodity. It is a complex manifestation of various processes including mental and physical, individual and community, social and economic, technological and ideational, physical and bio-physical, political and historical activities. It is the expression of society's economic structure, power relationship amongst social groups and the structure of the government and also reflects relationship between rural and urban communities, patterns of resource ownership, type and level of industrialisation, distribution of incomes and wealth, organisation and decision-making process. In other words, shelter, habitat and environment are by-products of a total comprehensive and integrated process of social change, political climate and economic development rather than being simply viewed as physical form or assembly of materials and built forms. As its conditions, development and production reflect the positive aspects, so much so distorted policies and inappropriate interventions would project the deplorable, dismal state of affairs and a 'crisis' which is an often repeated term nowadays. At present our administrative, political, legally, technical and financial systems are loaded in favour of centralised and organised production of shelter with borrowed notions of socialisation of land and other resources. The centralised agencies have been unable to meet even the minimum physical targets and always short of funds and other resources. In spite of suppressing legislation and repressive

institutions, in most situations the process of organic growth of shelter could not be controlled. The existing institutions rather than playing the role of facilitators are either the builders or discharge a repressive role in the production of shelter by the masses.

The process of alternate and evolutionary generation of settlements and shelter is a complex process. It would require radical changes in the whole attitude and approach. This requires a complete reversal in the prevailing attitudes. Instead of asking people to participate in the shelter programmes, organised by the formal agencies, the agencies themselves will have to get organised to participate in the settlement, development and shelter process of the people. This calls for a radically new perspective and redefinition of helping relationship and a new set of skills. A humble beginning can be made by earmarking a proportion of land for self-generating settlements of the poor or informal sector, together with simultaneous removal of institutional and administrative barriers.

The basic objective of the alternate approach should be direct involvement of the dwellers in shelter and settlement generation, as a vehicle for collective participation in decision-making and resource generation. The approach should contemplate the intervention of basic actors linked by mutually supportive relationships and incorporate time as a substantive element in the process of shelter.

Accordingly, a dynamic approach be evolved to ensure that the solutions are appropriate for the wide diversity of homeless population, and are within the means. This will promote the user's participation at all levels and stages of decision making and would facilitate creation of self-generating settlements. This is not only significant in the pursuit of harnessing and channelising the substantial potential of creative, human and economic resources in maximization of low-investment shelter opportunities but vital for co-relating physical and spatial expression with socio-cultural variables and promoting self-generated communities. This would only be possible, when the policy for shelter and settlement is conceived as a socio-cultural process where the homeless is the focus and the community is the actor. This means evolution of the shelter policy for down-trodden homeless from the down below and not from the top above. This needs building the policy brick by brick, rather than dealing it as a sector of economic planning in the national development programme. □

# *Employment and Housing for the Urban Poor: The Emerging Policy Perspective*

AMITABH KUNDU

THE CLASS I towns (cities) in India, each with a population base of one lakh or more have shown a distinctly higher rate of population growth than the smaller towns<sup>1</sup> in recent decades due to high immigration. Empirical evidences suggest that a section of these migrants into the cities belong to high economic and social strata and are attracted by better job opportunities and subsidised public utilities.<sup>2</sup> A large proportion of these migrants are, however, poor unskilled workers, seeking absorption in various informal manufacturing, trading and service activities many among them are those being dispossessed of their traditional activities in smaller towns and rural hinterland. A dual structure, thus, seems to be emerging in the cities as a result of this twin migration streams and the physical, economic and social characteristics of the cities are quite visibly responding to it.

Let us now ask two questions: one, how do the large cities in India absorb economically this massive migrant population, most of whom are poor and unskilled labourers? And two, how do the cities provide housing, shelter or place to squat to the poor migrant population? It would be interesting to analyse the policy perspective emerging on these questions in India as also in other less developed countries.

The rapid growth of population in class I cities, slowing down of the growth in most of the metropolitan cities with population of a million or more, the process of limited industrial dispersal around a few large cities, etc., have affected the population composition and consequently the socio-economic and physical conditions in these cities and their outlying areas. The traditional city centres with old buildings,

<sup>1</sup>Amitabh Kundu, "Theories of City Size Distribution and the Indian Urban Structure", *Economic and Political Weekly*, July 1983.

<sup>2</sup>M.K. Premi, *City Characteristics, Migrants and Urban Development Policies*, East West Centre, Honolulu, 1984.

narrow lanes and congested business places were the localities where the poor lived. The rich lived in residential zones at respectable distances from the congested city centre/centres. Of course, there were low lying areas, strips by the sides of railway tracks, marshy land, lands around the factories, etc., scattered all over the city, where the poor found a shelter. With massive government investment flowing into some of these cities in recent decades and increasing pressure of population, demand for land, specially in these central parts, has increased tremendously. The high marginal cost of providing infrastructure in the new localities in the peripheral areas have further accentuated the demand for land within the inner city. This has resulted in redevelopment of some of the old colonies and marginal lands within the cities where slums were located. The improvement in housing and infrastructural conditions in these localities have the inevitable consequence of displacing a large number of low income households by those belonging to high and middle income categories or by commercial activities. The poor, therefore, are now seeking refuge in the peripheries where land and shelter are relatively cheaper. This 'pushing out' phenomenon is being operationalised through, besides and market forces, the slum clearance and resettlement programmes of the government as new lands for these programmes are available only in the urban peripheries or outside the municipal limits. The industrial units that are pushed out of the cities as also the units that have got located in the outgrowths or neighbouring towns are drawing a part of their workforce from the new low-income colonies in the peripheral areas. This has resulted in a very interesting commutation pattern: the entrepreneurs, executives and skilled workers commuting from their residence in the cities to the factories in the outlying areas or towns and the poor coming for work into the central parts of the city from distant localities.

#### STRUGGLE FOR SUBSISTENCE AND THE GROWTH OF URBAN INFORMAL SECTOR

The capital output and capital labour ratios being high and rising sharply, the modern sectors have shown total incapacity to generate employment for the growing urban labour force, despite a relatively high rate of capital accumulation in the country. A large majority of the poor and unskilled labour force who live on the marginal lands within the city and the periphery are thereby forced to seek absorption in the informal activities both in the manufacturing and tertiary sectors. The massive influx of migrants in the urban areas has resulted in fragmentation of the labour market and brought down the wage rate in the informal market to a small fraction of the formal wage rate or the minimum wage determined by law. The emergence and growth of labour intensive and capital saving technologies are thus the inevitable consequences.

The activities that had become economically non-viable and obsolescent are appearing once again on the production frontier, once the cost of labour is brought down drastically, by opening the door for the labourers in the informal market/markets.<sup>3</sup> The swelling urban labour force, engaged in the struggle for survival, have accepted and often created employment for themselves by dividing one job into many, by accepting sub-contracts from the formal sectors at low wage rates, by catering to low priority or transient demands and by using obsolete capital and sub-standard raw materials. The growth of the informal sector whose *raison d'être* is labour undercutting its wages, can be sustained in the long run as long as the modern industrial sector is sluggish and agriculture and traditional industries remain over-burdened with excess labour that can be drawn systematically into the informal labour market in the urban areas.

It is indeed true that the informal employment and informal housing are being tolerated and even encouraged in the large cities not because the poor have acquired enough political clout but because it is in the vested interest of the formal segment of the economy to retain them in or around the city. However, in order to maintain the quality of environment in the affluent localities, the growth of the informal sector is permitted only in the 'other localities'. It is important that the informal activities mostly do not demand much additional land as they are carried out within the households, in the backyards or on the pavements and the people engaged therein do not put much pressure on the high quality infrastructure used by the rich. It also does not pose any threat to the *macro environment* in the cities. The working conditions in these activities and the living conditions in the slums and shanties are extremely hazardous and unhygienic. Not much concern has, however, been expressed for the *micro level environment* in the slum colonies where the informal activities get concentrated.

The emergence and rapid growth of the informal sector in India as also in other countries of Asia, Africa and Latin America "under historically unprecedented conditions" are thus perfectly understandable. A section of scholars have, however, found in the informal sector a solution to the problems of urbanisation in the Third World. They consider it a manifestation of "normal urban growth" and advocate explicitly or implicitly its expansion as the panacea for most of the current urban problems. A Canadian scholar<sup>4</sup> has discovered "Black Cindrellas" in the streets of Calcutta picking up cinders from the heaps of ashes thrown

<sup>3</sup>Amitabh Kundu and P.N. Mathur, "Informal Sector in Core Theoretic Framework", *Regional Development Dialogue*, Nagoya, UNCRD, 1985.

<sup>4</sup>K.P. Bhattacharya (ed.), "Food from Waste", *Human Settlement in Developing Countries*, Calcutta, Habitat Centre, 1984.

out of the domestic stoves. The scholar was very happy that the garbage in Calcutta has very little indecomposable element that facilitates its transformation into manure. While the enthusiasm to obtain "Food from Waste" is perfectly justified, one should not be oblivious to the fact that the implicit wage rate in the activity of collection of cinders or picking up of plastics, metal pieces, papers, etc., works out to be about three rupees a day.

A large number of social scientists and activists with a somewhat radical perspective have often argued that hawkers, rickshaw-pullers, rug pickers, etc., provide invaluable services to the society and, therefore, must stay as they are and be allowed to grow. It is undoubtedly true that the formal sectors of the economy most often find their services cheap, convenient and useful. Also, it is unethical and bad economics to consider proposals to eliminate or restrict their growth through legislation or other physical controls. With increasing gaps in the levels of income and basic amenities between the cities and towns/villages and a significant bias in government expenditure in favour of the large cities, attempts to tie people down to the rural areas or small towns are unjustified and must be resisted. This, however, makes no case for eulogizing or romanticising the informal sector. What is inevitable today must not be taken as the solution for tomorrow. The government must be committed to restrict the growth of this sector by creating alternative employment opportunities, to disperse the public amenities in the rural hinterland, and above all, to make the working conditions within this sector less exploitative by making the legal structure more effective by eliminating the middlemen and providing alternative marketing support. It is this commitment that should constitute the base for the urban development strategy on the economic front in the countries of the Third World.

#### *From Social to Affordable Housing*

The response of the cities to accommodate the inflow of poor migrants has been through the expansion of informal housing activities. The government had initially contemplated elimination of slums and shanty settlements by producing minimal acceptable housing on a massive scale but had very soon realised the enormity of the problem on the one hand and the scarcity of resources on the other. It has been noted in several policy documents emerging from the Planning Commission and the Ministry of Urban Development that the funds required to provide a shelter with acceptable standards within a reasonable time frame would be so high that this would push other social sectors to the background and might slow down the growth of production sectors of the

economy.<sup>5</sup> It is also argued that the governmental programmes for social housing, by their very nature, lack in flexibility and fail to accommodate the preference of the people with regard to house designing, space utilisation, etc. Finally, it is noted that the poor households have considerable hidden resources in terms of their idle labour, old building materials, etc., and if these are effectively harnessed through appropriate institutions, the cost of the housing programmes can be brought down substantially.

In the light of the above, it is argued that the government should not get involved in the impossible task of building houses for the poor but should rely on human initiative and imagination and on the capacity of the people to build.<sup>6</sup> It should remain on the housing scene only as a facilitator—helping people in obtaining land, finance, scarce building materials, etc. It may also take up the responsibility of maximising human capacity through creation of appropriate institutions and environment. Reduction in regulative controls and bureaucratic interventions are considered the first steps in the creation of such an environment.<sup>7</sup>

The above view-point has acquired international respectability with support from the agencies like the World Bank, ESCAP and several UN bodies. Funds are being made available by national governments as also international agencies, to create or strengthen the institutional structure and management technology that would enable the people to build houses through their own initiative. Emphasis, thus, has shifted from social housing to affordable housing. It is argued that subsidies, besides being a drain on the national resources, tend to kill the initiative and entrepreneurship of the people and, therefore, must not be tolerated in any housing programme for its long term viability and efficient functioning. The programme ought to be designed based on the principle of recovering the full current and capital costs from the beneficiaries. The organisations, handling these housing programmes like the Development Authorities, Housing Boards, Slum Clearance Boards, etc., are, therefore, expected to function without any permanent support from the government—on the basis of a revolving fund built up with an initial capital grant.

Government's direct involvement in housing has also been criticised because it is felt that it would ignore the other pressing needs of the people. Several radical scholars and organisations have put forth the view that a government which cannot meet the demands of the people

<sup>5</sup>*Draft National Housing Policy*, Ministry of Urban Development, 1987.

<sup>6</sup>National Commission on Urbanisation, *Interim Report*, Government of India, 1987.

<sup>7</sup>Task Force Report on *Housing and Urban Development*, Vol. 1, Planning Commission, 1983.

for food, health and education has no right to take up programmes for subsidised housing. Also, it is argued that the poor, though willing to pay for land or even the right to squat, have a low priority for the "minimal acceptable housing" advocated by the urban planners. Housing standards suggested from above are thus, not in accordance with the priority of the people, as may be inferred from their budgetary expenditures. Consequently, they are not willing to pay for these houses. If the government subsidises housing, people would tend to sell off the allotted units and use the money for other priorities. To deny the right of ownership or of sale would pose serious administrative problems and amount to denying a fundamental right to the poor, it is argued. Hence, to ensure that the poor do live in the houses allotted to them, it has been considered necessary to set the housing standards in accordance with the preferences and affordability of the people. The new housing schemes have, therefore, sought to bring down the standards to match the paying capacity of the users. Another way of ensuring that poor retain their houses is to put them in localities where demand for land for alternative uses is minimal. This has resulted in low income housing projects being taken up in the city peripheries or outside the city limits. The segmentation of the rich and poor in different localities make the provision of differential level of services to different groups of people easier.<sup>8</sup> It is argued that if the government wants to provide amenities and dwelling units better than what the poor can afford, benefits would invariably pass on to high or middle income population through legal or illegal channels.

#### *Government as more than a Facilitator in Housing*

There is considerable strength in the above framework although, it is possible to single out postulates that are empirically invalid in the context of several developing countries. However, without going into specific arguments or policy recommendation emerging from the framework, let us ask whether it is appropriate to consider housing as a commodity from the viewpoint of the poor. The national housing policy document released recently by the Ministry of Urban Development asserts that housing is an investment in human resources. Despite similar policy pronouncements from time to time, allocation for housing as a proportion to total plan outlay has gone down from seven per cent in the First Five Year Plan to just above one per cent in the Seventh Plan. Also, the share of the public sector in the total housing investment has gone down from 30 per cent in early fifties to less than eight per cent in

<sup>8</sup>Amitabh Kundu, "Communal Violence in Delhi, Town Planning Implications", in A. Singh (ed.), *Punjab in National Politics*, Delhi, Ajanta Publications, 1985,

mid-eighties.<sup>9</sup> The government is gradually accepting the role of a facilitator and encouraging private housing activities through relaxation of legislative and administrative controls and provision of concessional finance. Modifications in the Urban Land Ceiling Act and Rent Control Act are under active consideration of the government, following the recommendations in the *Interim Report* of the National Commission on Urbanisation. What is, however, not at all clear is that how the contemplated relaxations in the existing controls, together with the provision of subsidised housing loans, would enable the twenty five million houseless population in India to find a shelter by the year 2001.

If housing is considered an input in social development, as it has been stated in several policy documents, would it be fair to insist on affordability and lower down the standards below what is necessary for bare subsistence? Is it alright to argue that the government must accept people's preference to trade-off this minimum housing with any other commodity and that people's priority for housing as reflected in their willingness and ability to pay should determine the allocation at the national or state level? When ninety-nine per cent of the allocation can be made without reference to the preference of the poor, why should it be considered necessary to do so for the remaining one per cent? Can the slum dwellers be allowed to live in extremely unhygienic conditions, drink non-potable water, sleep amidst filth and garbage as a mark of respect for their democratic choice?

It is indeed true that the housing projects for the poor undertaken by the government have often failed because, people's participation was not built into them. But is there no way of incorporating their participation except by passing on the responsibility of generating total labour and non-labour resources from within the beneficiary households, government providing only the management inputs? A substantial proportion of the slum dwelling population in Bombay live on the two sides of the railway tracks and cross these ten times a day by necessity of their work. It requires a lot of initiative and entrepreneurship to cross ten to fifteen lines even once, with metro trains going every seven minutes in either direction. The slum dwellers, of course, pay for their initiative—death toll being more than a dozen a day on the tracks. There are costs of people's initiative in the house building activities as well. Is there way by which poor can bring in their own resources and participate in the designing and implementation of the housing programme without a substantial reduction in the resources coming from the public authorities? Must we accept that the poor households have a lot of spare labour

<sup>9</sup> Amitabh Kundu, "Shelter and Living Environment in India—Issues, Policies and Perspectives", in A.B. Mukhraj and A. Ahmed (eds.), *Indian Culture, Society and Economy*, Inter-India Publication, 1986,

time without an empirical verification? Should the increase in people's participation necessarily imply a reduction in government's responsibility?

There is no reason why the poor must be housed in segmented colonies in the periphery, away from their places of work. I have already noted that this spatial segmentation helps the local authorities in their policy of discrimination between localities in the provision of public amenities. One way of reducing the disparity in amenities would be to ensure that the poor are not thrown out of the posh localities and every new colony is built with mixed housing structure. It is by making the rich and the poor depend on the same sub-system of infrastructure that one can tie up their fortunes to a limited extent, which is a step towards reduction of the disparity. □

## *Urban Shelter: The Facilitator's Role*

S.K. SHARMA

SINCE THE mid seventies the idea that has gained ground is that public agencies should supplement rather than replace people's action to get access to shelter. There are two streams of thought that have led to this idea. On the one hand, researchers like John Turner working in Latin America found that the poor were able to build their own shelter even against odds and managed to survive in the urban environment. This they presented and romanticised as the "Freedom to Build". They propagated the idea that people need to build for themselves as a means of self expression and satisfaction. However, it was not possible for them to get access to what are now considered the essential components of shelter in urban areas. These are land and infrastructure such as water, electricity and waste disposal. They could also do with some kind of financing and technical support to incrementally improve their houses overtime. On the other hand, public housing agencies in developing countries were proving to be quite ineffective in terms of quantity and quality of shelter supply. They did not have the means to build according to the standards they themselves formulated and increasingly, impact was limited only to the few projects taken up by them to the exclusion of a vast majority. In the case of India, for example, public sector intervention in housing is limited to less than 25 per cent of the housing built in the country. At the same time, people are, in any case, building shelter for themselves.

These two point of views converged in defining the institutional role that would be more effective and meaningful. From this emerged the contention that institutions should act as facilitators rather than builders in the shelter sector.

### THE FACILITATOR ROLE

Taking the dictionary meaning, "to facilitate" is to "make easy or easier". In the field of housing a facilitator role would amount to providing the components that are not easily accessible to individuals,

and also to streamlining procedure so that access to these components are made easy or easier. In concrete terms this would imply provision or making available, on easier terms, land and infrastructure, finance, building materials, developing skills, making available technical know-how and reorienting relevant legislation or legislative provisions.

The facilitator role for housing agencies is not new to India. State policy and public agencies have been providing support to people's building efforts ever since the 1950's. Slum upgrading and programmes for distributing house sites in urban and rural areas are well known examples. However, these have never been the mainstream activities in the housing sector. The emphasis has consistently been on construction of houses. In the face of meagre public sector resources and low affordability of households this only had the effect of constructing access to a few. Therefore a change in the conventional role of agencies as builders of houses to facilitators for shelter construction becomes inevitable. Recognising the need for this reorientation, the Seventh Five Year Plan laid down that "The Government has to play an active role through developing the necessary delivery system in the form of a housing finance market and taking steps to make developed land available at right places and at reasonable prices".

The Draft National Housing Policy, 1987 too stresses on the facilitator role of public agencies.

#### PRIORITY AREAS FOR ACTION

The lack of credit for housing is recognised increasingly as a major impediment to the provision of urban shelter. There is also an increasing awareness that practices and procedures need to be streamlined to enable institutions to mobilise resources efficiently at minimum cost and facilitate access of the disadvantaged sections of the society to affordable housing. For improving access to credit in the field of urban shelter three principles of financial regulations have to be established. They are: (i) create alternative sources and thus improve competition towards improvement of the quality of home loan servicing, (ii) increase efficiency and, (iii) stimulate long-term finance. To achieve this there is a need to integrate policies, objectives and operational framework towards a long-term housing finance policy.

To create alternative sources and stimulate long-term finance, what we need is to improve laws in housing, which deal with resource mobilisation, promote security of hire-purchase lending by facilitating foreclosure of mortgage and establish secondary mortgage market and mortgage insurance. For additional resource mobilisation and tapping household savings there is a need to create a proper financial incentive

structure for investment in the form of cooperatives or treating these as loan and savings associations for increasing efficiency and to facilitate funds distribution in right direction. The housing finance institutions with their in-built capacity to enforce sanctions, should not only provide positive support through financial incentives but also through interventions and enforcement of conditions and stipulations of loan sanctions, for which the financial institutions have to be equipped technically with strong research back up. HUDCO at the national level is one institution which is looking into these areas in a significant manner which needs to be further consolidated.

Public sector intervention as a facilitator logically should leave the decision-making and responsibility of construction of shelter to the households, except for providing some guidelines. What to build, how much and at what time should be within the sphere of decision-making of the individual households. Of course, providing the overall direction to housing development, identification and assessment of effective demand will be the responsibility of the state. Another problem area in the Urban Shelter Sector is one of availability of land. There is an increasing awareness that access to land for adequately accommodating the explosive increase in urban population is one of the most pressing problems faced by the responsible political and administrative agencies. Also it is not only the adequate quantity of land, but demand for access to serviced land which is a major issue. Although it is true that there are usually no conscious government policy to restrict the accessibility to land of the poor, it is equally important to recognise the fact that there are, at the same time, no positive policies for channelling sufficient land into low income housing use, even though considerable portions of this land are actually used by the poor.

Although it seems that slum upgrading and sites and services have been more effective than slum clearance, or public housing schemes, their impact has been mixed. The squatter settlements do not comply with city regulations, also the cost to the state and the city in regularizing these settlements without getting any value for the land or services is substantial. It is also unlikely that the state will be able to catch up with providing satisfactory services in slums and squatter settlements. Hence for adopting a meaningful approach we shall have to search for a solution which matches the needs and life style of the poor.

In this regard planned upgradable sites would be a better alternative. This would mean that the poor would be offered a site with no services excepting possibly access to site and drinking water as per rural standards. The sites could be given to them on a temporary licence and annual rental of say Rs. 200 to Rs. 500 payable in advance. A licenced allottee would lose his site if he did not construct his shelter within a

few months and actually occupied it. Over a period of time he would be provided with other services and finally, say after five years, given a permanent lease for which he again would have to pay a certain amount as lease money for the serviced site based on the cost of land and services. HUDCO could also provide long-term loan for the lease money and shelter improvement cost.

One objection against this approach of planned upgradable sites could be that it will be difficult to provide land at such a large scale. While this can be a genuine difficulty, it must be realised that the poor people do find land themselves leading to unplanned squatter settlements. The government must in the interest of the city as well as poor, control this process by facilitating legal access to land to the poor.

If this approach is accepted at policy level it will require far-reaching changes in institutional culture and implementation strategies, and ability of government to reorient its service policies. As a facilitator, government will have to play quite a different role in needs assessment, determination of standards for services, financing, planning, implementation, supervision and cost allocation and its relationship with the users.

There will be a need to reorient the management style for urban services with the following core components where the state acts as a facilitator: (i) For needs assessment—communities self survey, direct consultation and dispersal of information, (ii) Determination of standards: adopting incrementally upgradable standards based on adaptation of existing situation and technologies; (iii) Planning: communities and local government with guidance of professionals, and (iv) Implementation and service personnel: community volunteers and para professionals supported by small group of professionals and finally for cost reduction and control—community self-help needs to be encouraged and adapting standards to local situation and affordability with reduction of overhead costs.

Thus one of the essential emphasis in the facilitators approach in the field of Urban Shelter needs to be of increasing the security and stability of land occupation for the urban poor and the strategy of planned upgradable sites, will be a positive step towards this. □

## *Back-up Services for Mass Housing*

C.V. ANANDA BOSE\*

ANY PHILOSOPHY of mass housing has to necessarily acknowledge three key factors:

1. the user knows best what is good for him;
2. that material is the best which has got acceptance among local building maker, viz., the mason and the carpenter; and
3. modern technologies shall be there to supplement and not supplant traditional technologies.

As war is too important to be left to the generals, housing cannot be left to the housing enthusiasts, researchers and policy planners alone. No campaign for mass housing will deliver the goods unless user participation is ensured in the field. The essential nexus between research and its application, if not adroitly established through effective field level delivery system, the fruits of research will fail to reach the end user. A two way process of dissemination of information to the beneficiaries and flow of feedback from the field is essential. In short, an effective delivery system which takes the various strands of housing concepts from the file to field and *vice-versa*, is central to any practical proposition for mass housing in the country.

### HOUSING SCENARIO IN INDIA

India can nostalgically turn back to its past when rulers and planners had laid adequate emphasis on providing shelter to the citizens. Commenting on the Indus Valley Civilization under which people occupied well constructed residential houses, Sir John Marshall writes: "In the cities of Western Asia, much money and thought were lavished on the building of magnificent temples for the gods and on the palaces

\*The author in his capacity as District Collector, Quilon, set up the first Nirmithi Kendra in the country. The concept has been accepted and recommended for country wide replication by the Government of India and HUDCO.

and tombs of Kings, but the rest of the people had to contend themselves with insignificant buildings for homes. In the Indus Valley, the picture is reverse and the finest structures are those created for the convenience of citizens".

TABLE TREND OF HOUSING PROBLEM AT NATIONAL LEVEL  
(1901-1971)

(in lakh)

Year	Total No. of house-holds	Total No. of occupied census houses	Surplus of deficit (col. 3-2)	Percentage of surplus or deficit
(1)	(2)	(3)	(4)	(5)
1901	540	558	+18	+3.33
1911	578	637	+59	+10.28
1921	586	652	+66	+11.26
1931	649	710	+61	+9.42
1941	719	760	+41	+5.72
1951	660	643	-17	-2.57
1961	846	789	-57	-6.73
1971	1004	907	-97	-9.66

SOURCE: K.V. Varghese, *Housing Problem in India: Economic and Social Aspects*, New Delhi, Eureka Publications, 1980, p. 67.

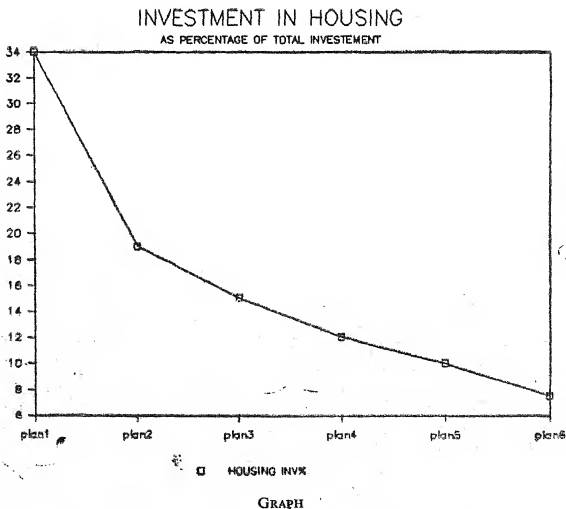
The housing trend in India from 1901 as seen from Table above shows some interesting features. Though it may appear an enigma in retrospect, India, in fact, had a surplus situation in housing from 1901 to 1941. The trend towards housing deficit which started from 1951 still continues. The present housing situation in the country is quite discouraging. Our housing stock in 1983 was 106.2 million. The Seventh Plan started with a shortage of 24.7 million dwelling units. Another 16.2 million dwelling units will be required during the course of the Seventh Plan. The country's housing needs by 1990' is estimated at 40.9 million. Of this, 30 million will be in rural areas and the rest in urban areas. Between 25 per cent to 50 per cent of the urban population in India is to depend on make shift houses, squatter settlements or slums. In rural India, 75 per cent of the housing stock consists of semi-permanent or non-permanent constructions.

#### *Investment in Housing in India: Public and Private Sector*

At present, India spends about 2 to 3 percentage of its GNP on housing which is a very low level of investment compared to the developing countries. In the late seventies and early eighties, the newly

industrialised and Asian countries invested more than 8 per cent of their GNP in housing. According to a UN estimate the less developed countries will have to construct 10 houses per thousand population to solve the shelter problem by the end of the century; but in India we construct hardly two houses per thousand population per year. In India, investment in housing as a proportion of gross capital formation shows a decline from about 30 per cent in 1950 to only 9.4 per cent in 1975-76.

Housing is considered to be one of the priorities in our national policy. But it is interesting to note that the allocation for investment in housing, as a share of the total national investment has shown a declining trend over the various plan periods as seen from the following Graph.



Investment in housing as a share of total investment in the economy has fallen from 34 per cent in the First Plan period to a meagre 8 per cent in the sixth plan. The Seventh Plan outlay is a meagre Rs. 2,458 crore.

The share of the private sector has increased substantially, as seen from the Charts (1) and (2).

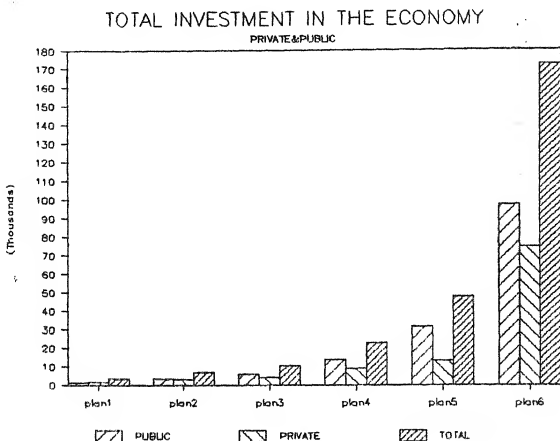


CHART 1

The major public sector agencies providing necessary financial support for housing in the country are Housing and Urban Development Corporation, Life Insurance Corporation, Housing Cooperative Societies and Employers Funds. Compared to the demand for housing, the contribution of these public sector agencies is grossly inadequate. HUDCO which is the main catalyst in the field of housing has a commendable record of performance. But compared to the vast needs of housing in the country, HUDCO's efforts have only been able to touch the fringes of the problem. As on March 1985, HUDCO had sanctioned 3587 schemes in 669 cities and towns involving loan assistance of about Rs. 1,662 crore. On completion of these projects, 20 lakh dwelling units and 1.73 lakh developed plots would be added to the national stock. In keeping with the national priorities, 88 per cent of these dwelling units and 79 per cent of the total plots is meant for the benefit of the economically weaker sections or low income groups.

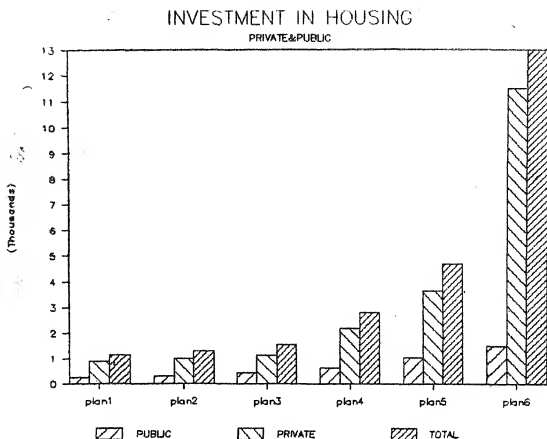


CHART 2

### Mass Housing

Mass housing calls for some basic changes in our entire philosophy of housing. Our concept of a pucca house still centres round the use of materials such as cement, steel, timber and bricks. The wisdom of using locally available cheap materials in housing is yet to inform the planners and housing enthusiasts, technologists and administrators and the house owners alike. That traditional technology and locally available materials are obsolete in the modern concept of housing is unfortunately gaining ground. Though there is no objection to the use of cement, steel and timber in housing, its excessive use has necessarily to be discouraged. Traditional technology with necessary upgradation deserves to be popularised and extensively used if a solution to mass housing is to be found in the near future. To make investment of scarce resources in housing sector yield optimum results it is imperative that we: (i) minimise the use of existing materials, and (ii) take recourse to an increased use of substitute material. Since affordability is one of the key determinants in housing, the second alternative that is the use of low cost substitute materials gains special significance. Commendable efforts have been done by our researchers and experts of the CBRI, NBO, CSIR and various Engineering Colleges in the field of cost

reduction technologies in housing. New materials have come up buttressing new concepts in low cost housing techniques. A sudden enthusiasm has developed for the use of mud in house construction. The recent International Conference on Mud Architecture held at Trivandrum has made many willing acceptors to the slogan 'back to earth' in housing. Perhaps, the solution to mass housing lies in avoiding the misuse of steel and cement and encouraging the use of upgraded traditional building materials.

#### *Material Component*

Building materials account for 67 per cent of the building cost (Chart 3). The remaining 33 per cent consists of expenditure on different categories of labour. It is thus seen that a reduction in the cost of materials alone can bring down the cost of construction considerably. In the building material market, the demand has always been more than the supply resulting in steep increase in prices of building materials in spite of increase in production (Chart 4).

Share of materials & labour

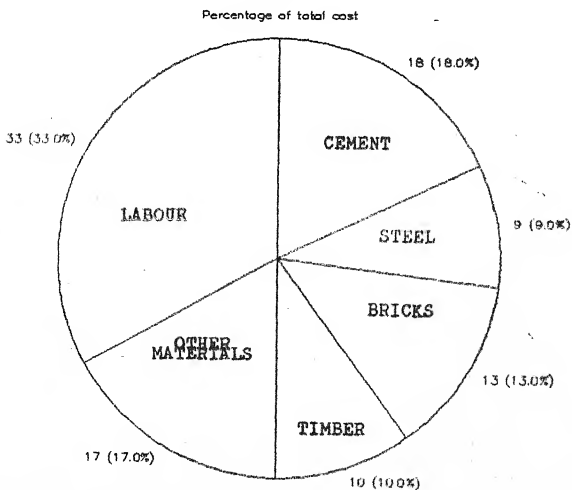


CHART 3

## INDEX NUMBER OF WHOLESALE PRICES

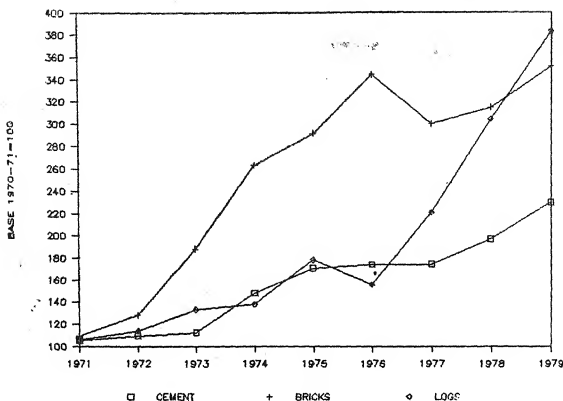


CHART 4

Easy availability of cheaper alternatives will not only make house construction less expensive but also act as a deterrent against the spiralling price of the prevalent materials.

Housing is essentially a labour intensive activity and hence has special significance in a labour surplus economy like India. It has got a potential to generate greater employment per unit of expenditure compared to any other sector of the economy. National Building Organisation estimates that an investment of Rs. 10 million in building construction would generate on-site employment of 923 man years and off-site employment of 1477 man years. Since, housing has a strong inter-industry linkage in the Indian economy, any thrust in housing investment will lead to increased output in almost all sectors of the economy.

Key indicators of mass housing, viewed from the beneficiaries' point of view are:

1. affordability,
2. accessibility,
3. adaptability, and
4. acceptability.

The low cost techniques and materials will have only academic

relevance unless they are well within the affordable range of the beneficiaries. Even if the materials and techniques are affordable, it will come to nought unless it is accessible to the local mason, carpenter and the house builder. This calls for an elaborate network of institutions in the field that would serve as a focal point for dissemination of information and as a training-cum-production centre. The absence of such institutions has been a major critical gap in the field of housing in our country. The acid test of success of any innovative technique is whether it is adaptable to the prevailing practices at the field level. More important is the fact that the traditional craftsmen at the field level should find it easily adaptable to their skills and outlook. Only when the local mason and carpenter becomes, on his own volition, an itinerant ambassador of the new techniques will such technology become effective in the field. As in any innovation, one of the major restrictive factors is bound to be the proverbial fear of the unknown. Housing is a major investment decision, be it for the economically weaker sections or the higher income groups. A new technology, howsoever spaciouly formulated in the laboratories and vociferously advocated by the experts, will not by itself deliver the goods unless it becomes acceptable to the end user. In short, any approach to low cost housing has to necessarily acknowledge the fact that the user knows best what is good for his house. Despite a spurt in innovative ideas and new technology developed due to the efforts of CBRI, NBO, CSIR and other research institutions, the beneficiary is still in the dark about these techniques. Our approach to the introduction of new technologies should necessarily realize that the beneficiary should be at the core of it and not at the periphery. Any failure in providing those techniques within easy reach of the beneficiary will make governmental efforts in this direction remain like Hamlet without the Prince of Denmark. It is here that a critical gap becomes manifest between the research institution and the field level beneficiary. There has been a virtual black out of information in this sector. Application of research, more often than not, gets confined to token projects and a few academic exercises, an occasional seminar here or a conference there mostly addressed to the so-called elite groups. Such tokenism and elitism does not deliver the goods in the field since the message of the new innovations, modern techniques and concepts fail to reach the end user, *i.e.*, the housebuilder.

Therefore, it becomes essential to have an effective delivery system at the field level which would act as a conveyor ensuring the mobility of information from the research institutions, conference tables and seminar rooms to the beneficiaries in the field. This system shall not degenerate into a token system or a one time exercise. It has to be a permanent system which would undergo periodical recycling by adding on to its

initial store of information and taking up new research and development on its own. In a vast country like ours, this delivery system should have its moorings in decentralised administrative units, *viz.*, the district, the taluk, the block and the village. Such a system should have technical competence and necessary infrastructural base. It should have access, on the one hand, to the research institutions where new concepts and techniques are developed and, on the other, to the beneficiaries at the field level who are to ultimately use them.

What form of institutionalisation is best for this? Government, of course, is a massive repository of power and potential to create such an extensive delivery system. But government has its limitations. And, in an area like mass housing which can be implemented only through residential democracy, expecting government to fully supply the requirements of such a delivery system is expecting too much. Even otherwise a cursory glance at the housing sector in the country shows that governmental efforts at housing is rather peripheral. Housing in the country is dependent, to a large extent, on non-governmental efforts. It will be well within the prevailing milieu in this country if the role of non-governmental agencies is given its due recognition. The thinking has come to gain ground that government would better remain as a facilitator\* in housing. Be it house construction, supply of building materials, provision of finance or transfer of technology, government's role as facilitator would certainly be of immense help to the non-governmental agencies in the field. The cumbersome procedures associated with the functioning of government makes governmental institutions a little unwelcome to the beneficiaries. User participation in housing which is considered to be a major factor for the success of mass housing programme also demands the existence of non governmental institutional framework for dissemination of technology and up-gradation of skills. Obviously, user participation will become more tangible if it starts from the beginning of the planning process. Hence there is a strong case for having this delivery system in the non governmental sector with people's participation. A new technique can be deemed successful or effective only at the point at which it becomes acceptable to the builder. No effort at dissemination of technologies will succeed unless the local builder, the local mason and the local carpenter find it accessible and acceptable. As S.K. Dey visualised during the halcyon days of community development in the country, instead of implementing government's programmes with peoples participation we should implement peoples' programmes with government's participation. This appears to be the ideal principle that should inform the nature of the delivery system meant to transfer new building technologies from lab to land,

\*See S.K. Sharma, pp. 38-41 on this issue.

The concept is significantly very complex and does not admit of any capsule solution; but a beginning has to be made and a modest attempt has been made in Quilon district in Kerala under the initiative of the District administration in providing a forum for necessary back-up services for mass housing. Christened as 'Nirmithi Kendra' (building centre), this new venture has been accepted by the Government of India and HUDCO as an agency that has been tried, tested and found to be effective in providing the necessary delivery system in technology transfer and upgradation of skill. Nirmithi Kendra has been recommended for replication throughout the country by the Government of India and HUDCO.

#### OBJECTIVES

Nirmithi Kendra seeks to play the role of:

1. a seminal agency to generate and propagate innovative ideas in housing;
2. a clearing house of information which would bring the fruits of research from lab to land;
3. a production centre to pre-fabricate standardised housing materials;
4. a training house to impart skills to local workmen in innovative housing techniques and create a cadre of trained workers in all the Blocks in the District;
5. a nodal agency to serve as a catalyst in the field of housing ensuring horizontal coordination in implementation of housing programmes;
6. a chain of retail outlets for low cost housing materials; and
7. an R & D, institution and a consultant in the field of housing.

The Nirmithi Kendra concentrates its efforts in providing training to masons, carpenters and rural youth in alternative housing technologies. Regular training programmes are arranged by it in collaboration with premier research institutions in the country. About 300 persons have been trained by Nirmithi in a period of less than a year. The trained youth form themselves into the Nirmithi Rural Housing Corps, *i.e.*, field level building societies and undertake construction of houses in their locality.

Nirmithi Kendra also serves as a production centre for various alternative housing materials to cater to the economically weaker sections for solving their shelter problems.

*Materials for Walls*

Rubble filler blocks (stone masonry blocks) are produced by using rubble and cement mortar of lean ratio. The savings on using these blocks is 15 to 20 per cent than the traditional method of brick masonry. This can be used for foundation purposes as well.

Ordinary country burned bricks are rarely available in the old traditional size. This size shortage will increase the use of mortar and labour thus causing an overall increase in the cost of construction. Nirmithi Kendra manufactures the traditionally old size country burnt bricks and supplies them to the weaker sections at fair price.

Hollow bricks are also manufactured by Nirmithi Kendra which take load better than the ordinary bricks and can be used for multistoreyed buildings.

Soil stabilised blocks are produced with locally available soil adding some stabilisers like cement or lime. This works out to be the cheapest building material for low cost housing.

Funicular shells have proved to be more economical than traditional roofing effecting considerable reduction in cost. The quantity of steel required for the shell is considerably reduced in cost. The quantity of steel required for the shell is considerably less than that for the traditional RCC slabs. Pre-cast place floors are also a viable alternative to RCC roofing. This method reduces the heavy cost of centering. Yet another alternative for roofing is the filler blocks which are placed in between RCC joists, thus saving the concrete in between.

*Materials for Doors and Windows*

Ferro-cement frames for doors and windows are cheaper than those made of timber if manufactured in mass scale. They are more durable than timber and better suited for use in wet areas like bath rooms and kitchen. They are more resistant to fire and termite attack compared to timber. The savings in cost is above 35 per cent compared to 2nd class wood.

Ferro-cement rafters and traditional tile roofing is propagated by Nirmithi Kendra as an answer to the high cost of timber rafters.

The Kendra has also undertaken ASCU treatment of rubber and other soft wood to provide good quality timber at less than one third of the price of ordinary timber.

The main projects of Nirmithi Kendra include :

1. Wood processing unit,
2. Ferro-cement unit,
3. Sanitaryware manufacturing unit,
4. Design wing,

5. Construction wing,
6. R & D wing,
7. Consultancy wing, and
8. Mud technology unit.

At present Nirmithi Kendra, Quilon acts as a nodal agency providing necessary back-up services for the 10,000 houses under construction in the district involving an outlay of Rs. 7 crore.

The Kendra has now come to be regarded as an example of cost effective functioning of semi-government agencies. During the floods Nirmithi could construct anti-disaster shelters at less than estimate rates. During droughts, Nirmithi constructed about 300 ferro cement water tanks of capacity ranging from 5000 to 10,000 litres at less than one third of the cost which private contractors would demand. An infant organisation started without any financial assistance from government or other agencies, the Kendra has been able to generate adequate surplus through judicious handling of its affairs.

Giani Zail Singh, the then President of India described the Kendra during its inauguration in August 1986 as a model to the rest of India. Commenting on the relevance of the Kendra Shri S.K. Sharma, Chairman, HUDCO, wrote: "The Quilon Building Centre experiment has established that significant success can be achieved by developing the skills of the local artisans who then encourage home owners to use improved methods and technologies. If we are to effectively deal with the housing problem, development of Building Centres for technology extension through skill upgradation will have to be taken up as a national programme". □

NAGARLOR  
24/10/1987

## *Low Cost Shelter for the Homeless*

G.C. MATHUR

**L**OW COST housing is one of the most complex problems of our times. The problem has grown in dimension, year after year, due to mass influx of population into urban areas in the wake of rapid programme of industrialisation, high birth-rate, breaking up of joint family system and above all lack of housing development.

In urban areas, specially in metropolitan centres, housing conditions of almost one quarter of the population are rather deplorable on account of acute shortage of housing as well as inadequacy of essential services.

In rural areas where a vast majority of population lives, housing conditions have also been deteriorating at a fast rate. Although, there is not much of shortage of houses in villages, most of the low cost houses are in a dilapidated condition and unfit for human habitation and there is almost absence of essential services. A large number of houses in rural areas, therefore, require to be rebuilt or substantially improved.

### *Overall Economy*

Of the several measures required to be undertaken to build large number of houses both in urban and rural areas, appreciable reduction in the cost of housing construction is one of the most important technical problem. It involves practical application of economical construction techniques and materials evolved through research as well as rationalisation of planning and design of houses to achieve cost reduction.

While adopting measures for reducing the cost of construction, it is important that the safety, performance, durability and liveability of houses should not be reduced beyond acceptable limits. It is important to note that the cost of maintenance of a house over a period of its life-time generally works out as much as the initial capital cost of the house. As such, this aspect which is of great significance should be duly considered while designing the houses and selecting materials, specifications and techniques of construction.

### *Experimental Houses*

In order to promote practical application of new ideas and designs, use of new/substitute materials, improved construction techniques, etc., the National Buildings Organisation is operating an experimental housing scheme for urban areas. The scheme provides 100 per cent cover for risk if any, in trying out new materials and construction techniques and also provides up to 75 per cent grant-in-aid for experimental items.

The experimental projects sponsored by various central and state construction departments like PWD's State Housing Boards and other institutions are approved by a high powered Experimental Housing Assessment Committee.

Uptill now 45 experimental projects of total value of Rs. 5.5 crore have been undertaken in different parts of the country and as many as 58 new techniques/materials evolved by the Central Building Research Institute, Structural Engineering Research Centre and other research institutes, have been incorporated in these projects. The proven techniques/materials are being promoted by National Buildings Organisation.

### *Trends in Cost Reduction*

The impact of the following technological measures in reducing the cost of housing construction is briefly mentioned in this paper:

- (a) Efficient and economical use of space;
- (b) Structural economy;
- (c) Improved use of cheaper/substitute materials;
- (d) Adoption of new construction techniques; and
- (e) Economic specifications.

### EFFICIENT AND ECONOMICAL PLANNING OF SPACE

As more scientific knowledge is now available, efficient and economical use of spaces in the dwellings should be ensured in the following manners:

#### *Ratio of Carpet Area to Plinth Area*

The usable space in a dwelling should be increased by minimising the area covered by the walls. Generally, 20 to 25 per cent of the total plinth area is covered by the walls which can be reduced to about 15 per cent by skilful planning. This can be achieved by skilful planning of different rational spaces and by adopting suitable shapes and dimensions of the houses to reduce the length of walls. Also the thickness of walls should be kept to the minimum as per the structural and

functional requirements.

The plinth area of dwellings should not be less than 25 sq. m. for those in the Economically Weaker Sections and 40 sq. mt. for those in the Low Income Groups. As per the National Building Code, minimum sizes of different rooms should not be less than the following: living room 9.30 sq. m., multi-purpose room (including kitchen) 5.5 sq. m., bath 1.5 sq. m. and w.c. 1.1 sq. m.

Although single storeyed houses are most desirable with a small internal courtyard, it becomes necessary to build two or more storeyed houses and up to 5 storeyed walk up apartments in metropolitan centres, where land is scarce or costly.

The break-up of built-up area into different categories on the basis of economical utilisation of space should be as given in the following table.

TABLE BREAK-UP OF BUILT-UP AREA INTO DIFFERENT CATEGORIES\*

	<i>Load bearing construction</i>	<i>Framed construction</i>
(a) Living space, i.e., floor area of dining and bed rooms	47.50	49.54
(b) Service space covered by kitchen, bath and WC, etc.	15.20	14.19
(c) Horizontal circulation space—passage and verandah	10.12	9.11
(d) Vertical circulation space—staircases and lifts	4.7	3.6
(e) Walls and columns	15.17	12.14

\*Report on Residential Buildings, Committee on Plan Projects, Planning Commission.

### *Lower Ceiling Height*

For hot and dry climate ceiling height of residential buildings should be reduced up to 2.74 m. (9 ft. 6 in.). The fan hook can be provided within the ceiling by embedding it in the slab or tacking it with reinforcement in case of RCC slabs. In case of hot and humid climate, the ceiling height may be further reduced to 2.44 m. (8 ft.).

### *Doors and Windows*

Number of doors and windows should be kept to the minimum as may be required for inter-communication, lighting, circulation and ventilation. In hot and dry regions, window area of 10 to 15 per cent

and in hot and humid regions 15 to 20 per cent will be adequate. The sizes of doors and windows should also be standardised for economy.

### *Standardisation and Modular Coordination*

Standardisation in planning and designing of buildings has great significance in case of low cost housing programmes and economical design of multi-storeyed buildings especially when prefabricated building methods are adopted. Standardisation in planning, design and construction of building is an essential prerequisite for mass construction programmes based on pre-fabricated building technology. Load bearing cross walls system is economical and enables standardisation of spans for roofing and flooring resulting in economical system of roofing and flooring.

Modular coordination in the building industry benefits the quality, quantity and economics derived from industrial methods of mass production and prefabrication of materials and components. It is a system of prefabrication and inter-changeability by parts that minimises the amount of time, labour, money needed for assembly prepared at the site. It minimises the wastage of material which amounts quite often to 10 to 15 per cent, preparation of plans and working drawings are simplified; quantity survey becomes easier, quicker and more exact materials and components can be obtained as and when required; supervision becomes easier and cost goes down.

### *Structural Economy*

The structural design of houses, particularly multi-storeyed buildings which are being constructed in large numbers on the basis of latest advances in structural engineering ensures considerable economy in the cost of construction. The adoption of ultimate design procedures, and use of high strength deformed bars, scientific design of concrete mixes, and timber structures, economical methods of foundation, particularly in shrinkable soils are some of the important developments. It may be mentioned, for example, that use of high strength deformed bars and design of structures on the basis of ultimate load procedures result in up to 40 per cent saving in steel.

The depth of foundation should be reduced to the minimum depending upon the bearing capacity of the soil. As compared to R.C. frame structures, load bearing brick construction for up to 5 storeyed residential buildings is cheaper if the thickness of walls is properly designed on scientific basis in accordance with the National Buildings Code rather than by thumb-rule. The system of roofing/flooring to be adopted should be chosen not only from the point of view of structu-

ral safety but for consideration of economy in the consumption of scarce materials like cement and steel, speed and cost of construction.

#### *Improved use of Cheaper and Substitute Materials*

Building materials account for 65 to 70 per cent of the cost of construction. Therefore, right selection and use of materials are of great importance in reducing the cost of construction. Moreover, the performance and durability of the house structure is very much dependent on the quality of materials used. Local materials like bricks, lime, stones, timber and substitute materials are cheaper to use as compared to costly and scarce materials such as cement and steel. The economy in the use of traditional materials is appreciable if their use is made in a rational and improved manner.

#### *New Construction Techniques—Precast R.C. Roofing/Flooring System*

In case of RCC structure both materials, viz., concrete and steel are not fully utilised because balanced design is difficult in practice. By going in for pre-stressed construction, both steel and concrete are fully made use of. Moreover, by using high strength steel wires, rich concrete mixture can be used, its full strength can be utilised thereby making the structure slender and reducing the weight on supporting structure and self weight, which in turn reduces the cost of construction.

#### *Economical Specifications*

Economical specification should be adopted taking into consideration the functions and performance required to be fulfilled. To the extent possible, rich and costly specifications should be avoided and use of locally available materials should be encouraged. As cement is costly and scarce material, its use should be avoided or minimised by adopting cheaper substitute materials and new and improved construction techniques and design procedures.

The construction departments and State Housing Boards are becoming increasingly aware of the need for adoption of innovations for reducing the cost of construction. It is important that through concerted efforts, a break-through in this area should be achieved so that more durable and livable houses are constructed at a fast pace. The NBO is making concerted effort in this direction and to create countrywide impact, 15 Regional Housing Development Centres of NBO have been set up which are engaged in research, training and extension work. □

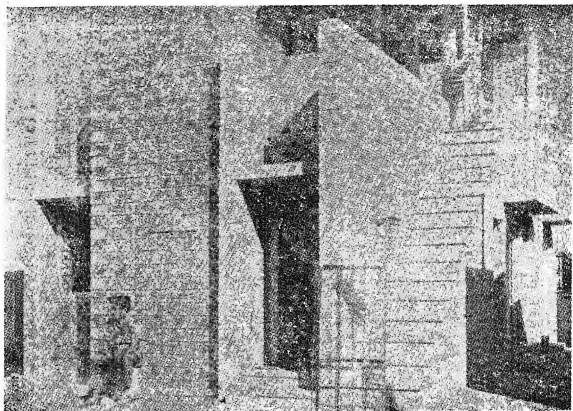


PHOTO NO. I LOW COST HOUSE WITH STONE MASONRY

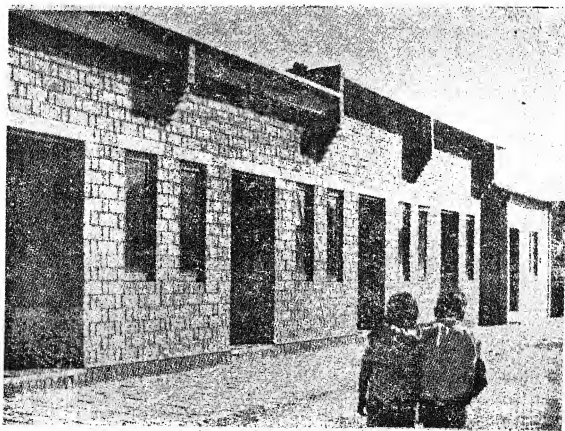


PHOTO NO. II PRECAST T-BEAM ROOF FOR LOW COST HOUSE

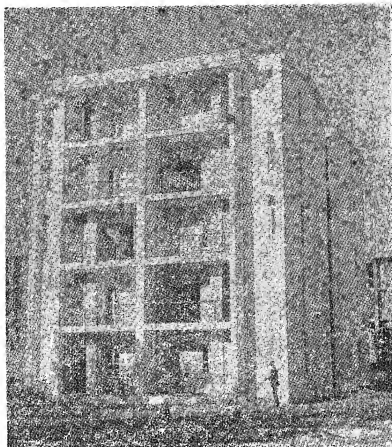


PHOTO No. III SINGLE BRICK THIC LOW COST PROJECT  
FOR 5 STORY CONSTRUCTION AT DELHI

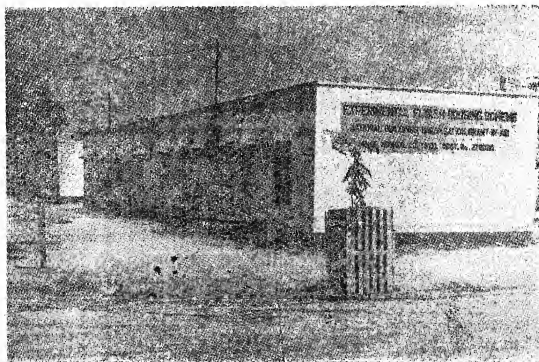


PHOTO No. IV HOUSES CONSTRUCTED WITH FLYASH  
BRICKS AT NEYVELI

## *Systems Approach to Urban Shelter Strategies: Search for a Framework*

P.B. ANAND\*

IT IS appreciable that a country with a large number of shelterless and voluminous shortage of housing has responded to the International Year of Shelter (IYSH) with a proposal for a National Housing Policy, if not earlier. However, any such policy can only specify the directions and goals, at a larger (national) context which can be realised only through specific and objective assessment and strategy formulation at all appropriate levels (like national, regional, local, etc.). Forming housing strategies can be possible only after an elaborate and comprehensive enquiry into the physical and financial implications of different sets of alternative actions is made knowing that these implications will be different at different locations. Therefore housing strategies based on an aggregate level understanding or belief can become incongruous to a specific urban setting. This is especially true for the time and space sensitive housing markets of metropolitan and other large cities where the housing market is a confluence of various agents, each of a different nature. It must not be difficult to generate evidences of how EWS housing units which are envisaged as focus at national level policies, remain unsold at city level forcing our officials to remark that there are no takers for such houses.<sup>1</sup> The problem lies in not viewing the issue in a contextual manner. For whatever reasons, whenever a problem has been identified, we responded with forming an agency/institution to focus on it. Today we have at least three to four public agencies, in each city intervening in city's housing without any minimum interaction between one another. For those agencies involved in house construction (in a somewhat PWD fashion), each work is a separate entity as they approach the problem from a financial feasibility and 'project' approach and therefore any change in the local situation, needs or preferences is of least

\*Acknowledgements are due to Dr. Meera Mehta, Ms. Anjana Vyas, Mr. Dinesh Mahendra of School of Planning, Ahmedabad for their encouragement and help.

<sup>1</sup>Anita Katyal, "No Takers for LIG Houses in Pink City", news item, *The Times of India*, April 29, 1987, Ahmedabad, p. 3.

significance to them. For an agency like a local authority, the problem of housing is more related to property tax ation and municipal revenue. Only when a city level development plan (DP) is prepared, any attempt to look at the city's housing situation in a holistic framework is made. However, even such attempts are either in a very passing manner (because in DP, housing is just one chapter) or partial and incomplete because they measure the impact of other DP proposals on housing situation rather than viewing different shelter strategies and their effectiveness.

The problem perhaps is that we all are constrained by the absence of any simple framework through which to examine the effectiveness and feasibility of different strategies at a city level, as Linn rightly observes:

... the essence of the argument ... is ... that the constraint on urban housing lies not in the limits on the demand side but rather in the inadequate response on the supply side—an inadequacy that has largely been induced by mistaken policies and is therefore subject to remedies through corrective policy action.<sup>2</sup>

In this paper one such attempt to develop a framework for decision making at city level, its application and limitations, are discussed. The paper is organized into three sections. The following section describes a review of such frameworks followed by one section each on framework and the case study.

#### THE SEARCH FOR A FRAMEWORK: A REVIEW

A framework or a model of a system is generally defined to be a representation of one's understanding of the corresponding real world system, built with the objective of "reducing the complexity of the observed world to the coherent and rigorous language of mathematical relationship"<sup>3</sup> As Rakesh Mohan rightly points out, due to the nature of a multitude of issues in the phenomenon related with urban systems, there is a greater demand for appropriate models.<sup>4</sup> However, for a long time, housing, especially at city level, has rarely been viewed as the focus of a framework, and probably it is only when Kain, Ingram, *et al*, worked

<sup>2</sup>F. Linn Johanness, *Cities in Developing World: Policies for Their Equitable and Efficient Growth*, New York, Oxford University Press, 1983, p. 124.

<sup>3</sup>S. Lowry Ira, "A Short Course in Model Design", *Journal of American Institute of Planners*, May 1965.

<sup>4</sup>Rakesh Mohan, *Toward Modelling Poor Cities: A Review of Urban Economic and Planning Models*, World Bank Staff Working Paper 232, Washington DC, World Bank, 1976.

towards the NBER simulation model,<sup>5</sup> it was felt that city level housing can be viewed in a decision-making framework. This triggered the first breed of housing models (like BASS models, etc.), which approach the issues from a housing market perspective and therefore always see the demand side affected by demographic characteristics, (income, size of household, etc.) and intra-city residential moves; the supply side constituted by available housing stock (its location, size, etc.), vacant units, conversions, etc., and household-decisions and supply are seen as functions of house prices. The approach mildly changed when the Urban Institute model<sup>6</sup> viewed the household decision-making process as utility—maximization rather than just minimizing the price with two more economic agents participating in the housing market—the government and the building industry. Based on rigorous analyses the model is solved for the household's utility and landlord's profit and the solution is in terms of unit price of the housing services. The impact of different policy measure can then be tested and compared.

However, all these models were more western in viewing the housing market to be homogeneous and considering the role of the government to be minimal. Most of these models (with the exception of the Urban Institute model) are very rigid in terms of considering policy options. With the enthusiasm of an 'academic sense', most of these models were enlarged to cover too many issues at a time, resulting in critiques like Lee to classify them as 'hyper comprehensive' and 'data hungry'.<sup>7</sup> These types of framework are not applicable in our context because our housing markets are not homogeneous; nor is the situation right to leave everything to the market forces to operate and minimize government intervention. Our simple and rudimentary information systems require that a framework should be simple.

The second set of models treat housing as a need and not as a commodity and therefore housing situation is viewed in terms of number of housing units required to house the population.

The Basic Needs approach developed by Churchill and Lycette,<sup>8</sup> specifies housing need (at national level) as the resources required to provide

<sup>5</sup>John F. Kain (ed.), *Essays on Urban Spatial Structure*, Cambridge, Mass, Ballinagar Publishing Company, 1975. See also F.Kain John, "Development of a Computer Based Model of Urban Housing Markets" in Baxter *et al*, (ed.), *Urban Development Models*, London, The Construction Press, 1975.

<sup>6</sup>Raymond J. Struyk, Deleewy Frank, *The Web of Urban Housing*, Washington DC, Urban Institute, 1975.

<sup>7</sup>B. Lee Douglas (Jr.) "Requiem for Large-Scale Modelling", *Journal of American Institute of Planners*, May 1973.

<sup>8</sup>A.A. Churchill, M.A. Lycette, *Shelter, Poverty and Basic Needs Series*, Washington DC, World Bank, 1980.

a basic unit of shelter to every household living in poverty by some target year. The basic unit of shelter is that which can be afforded by a family living exactly at the threshold of poverty and therefore by capitalising the stream of expenditure of the household (at poverty) the unit cost is derived. By projecting the number of households below poverty threshold by the target year the resource requirement can be calculated. Similarly, well-known is the attempt of Bhaskara Rao<sup>9</sup> in which long term perspective for housing is drawn based on the interpolation of the trend-based projection of various factors that affect the housing needs like various housing stock, household formation characteristics, completions, demolitions, etc. G.C. Mathur, for National Buildings Organisation (NBO)<sup>10</sup> estimates the housing requirements in India by 2001 based on several factors like number of households without shelter, unacceptable dwellings involuntary doubling up, replacement needs, etc. Similarly, well known are the National Housing Needs Assessment studies conducted by Raymond J. Struyk, *et al.*, for various countries like Sri Lanka, Kenya, etc., on behalf of USAID.<sup>11</sup> In these studies housing need is viewed in terms of number of dwelling units as well as investment requirement. On time frame the need is bifurcated into current needs (for upgrading or replacing the current stock) and the future needs reflecting population growth, rate of decay in existing stock. Based on a sensitivity analysis, this model identifies that minimum housing design standards and costs can be carefully varied (since these are policy variables) to identify the effective package of strategy.

Most of the models discussed in second phase, are national level models and in terms of their applicability to a city's context, they are a bit too general. Most of these models view the population as homogeneous and space as constant. At the city level, the strategies should consciously circumscribe the differences in demand patterns for housing attributes for different income groups as well as the influence of different locations on supply.

As we shift the focus to city level frameworks, we encounter the approach of BMRDA in formulation of Housing Policy for Bombay Region.<sup>12</sup> From the projected housing need, and an examination of the

<sup>9</sup>Bhaskara Rao, *Housing in India 2000 A.D.*, Baroda, Operations Research Group, 1974.

<sup>10</sup>G.C. Mathur, "Analysis of Housing Requirements in India," mimeo, New Delhi, National Buildings Organization, 1986.

<sup>11</sup>Raymond J. Struyk, Rounk W. Phillip, *et al*, *Preparing a National Housing Needs Assessment*, Washington DC, US Agency for International Development 1984. Also Raymond J. Struyk, "The Housing Needs Assessment Model", Planner's Notebook, *Journal of American Planners Association*, Spring 1987, pp. 227-234.

<sup>12</sup>Bombay Metropolitan Region Development Authority, *Regional Urban Housing Policy*, Bombay, BMRDA, 1977.

trend of formal housing supply mechanism. The framework identifies the need to modify the concept of housing incorporating the affordability of people and their participation in the building process and thus the emphasis is to be on 'site and service' approach. Upon examining the housing costs, the framework identifies that an effective means to make the housing affordable is by restructuring the city to bring down the opportunity cost of land—a key component in housing. It also specifies that Floor Space Index (FSI) should be based on opportunity cost in a particular zone. Dividing the city into zones based on opportunity cost and using these zones for specifying FSI, though theoretically very sound, is a task difficult to operationalize. To emulate this for some other city where the employment is not as concentrated as it is in Bombay, makes such a task much more difficult.

In a similar attempt for Madras as part of the preparation of Structure Plan, the MMDA approaches the problem from a bit more supply perspective.<sup>13</sup> The estimated housing need (derived from population projections) is bifurcated between slum population and others by taking the occupancy rates accordingly. For each group, the shortfall is derived by comparing this projected need and the projected supply based on current trend. As the strength of this framework lies in its detailed and in-depth enquiry into the potential of the public housing agencies, the weakness is in not structurally bringing down the projected needs to the level of spatial significance.

Finally, we are left with the set of models some of which examine the validity of a specific strategy in terms of its feasibility like the one by Bapat and Crook in which even sites and service alternative is found to be unrealistic given the prescribed standards and therefore the existing standards are questioned.<sup>14</sup> The other is an optimization framework by Strassmann in which in a very innovative manner the given construction volume is optimally distributed among major dwelling types.<sup>15</sup> After defining the objective function as 'maximizing the sum of filtering generated and new construction' and using the total investment (from the city income) available for housing sector as one of the constraints, the optimal mix of dwellings to be constructed is generated by using linear programming technique. In spite of its mathematical rigour, as Strassmann himself states, the model abstracts from location and therefore

<sup>13</sup>Alan Turner *et al*, *Shelter, Structure Plan for Madras Metropolitan Area*, Vol. 2, Madras, Madras Metropolitan Development Authority, 1980, pp. 55-74.

<sup>14</sup>Meera Bapat, Crook Nigal, "Housing and Slums in Poona Reconsidered: The Possible Alternatives", *Economic and Political Weekly*, August 18, 1979, pp. 1425-143.

<sup>15</sup>W. Paul Strassmann, "Housing Priorities in Developing Countries: A Planning Model", *Land Economics*, Vol. 53.3, August 1977, pp. 310-327.

tells us only one half of the feasibility story (which is nevertheless important). Any housing strategy at city (or even at higher) level has to be examined for feasibility in three aspects. The first and simplest, the financial feasibility, which most of the frameworks and existing agencies undertake fully, is an analysis of the requirement of monetary resources and their availability. The second one is in terms of physical feasibility—the technical soundness of a solution as well as availability of land. The fact that level of economic development affects the investment in housing sector (which was examined at national level in the pioneering study of Burns and Grebler<sup>16</sup> has been observed to be true at a city level also with the qualification that a city's economy functions somewhat similar to a nation's economy. Housing strategies should also be examined for the feasibility of investment requirements that they envisage, in terms of the proportion of city's income required for housing, because raising this proportion overnight is not feasible. This aspect of the strategies can be termed as 'economic feasibility' just to differentiate it from the regular financial analysis.

Thus from this search it is imperative that a framework for Indian cities:

- (i) should be simple;
- (ii) should give scope for the planner to incorporate different decision variables to examine the impact of each one; and
- (iii) should incorporate feasibility analysis for each strategy.

Finding the absence of a framework which fulfils all these imperatives, and the need for such a framework, an attempt at developing an alternative framework has been made.

#### DEVELOPMENT OF THE FRAMEWORK

With the understanding that a market approach to a city's housing, though very comprehensive from an academic perspective, does not help the decision maker, especially in a physical planning sense, we had to limit ourselves to a housing needs approach. This contention is from the belief that housing demand analysis considers the economic behaviour of different groups of households (which is difficult to intervene and change) and the economic impact of different actions on the market in a more *ceteris paribus* manner.

Most of the reliable time series data pertain to the census years and therefore the time-frame for projection can be taken as decadal. Since

<sup>16</sup>S. Burns Leland and Grebler Leo, *Housing of Nations: Analysis and Policy in a Comparative Framework*, London, MacMillan, 1977,

we are projecting the scenarios for coming decade or more, the appropriate space-frame for the analysis should include the present areas extent of the city as well as the possible expansion of the city in future. In a crude manner this can be taken care of by considering the agglomeration area for analysis. For reasons of simplicity, the framework that we evolved can be viewed to comprise six modules. The conceptual flow chart of the framework is shown in Fig. 1 on next page.

After defining the space and time frames, in the first module, our task is to project and visualise the aggregate population and if for the city in focus these projections are available, one can right away go to the next module. There are several procedures available for projecting the population and one can use any of them. In this framework, compound growth rate method is used. The growth rate for projections should be decided after an examination of the trend as well as one's own judgement.

The spatial distribution of the projected population is the focus of the second module. If the given city is viewed as a set of zones, one simple solution to this problem is the ratio method, in which the distribution of population across zones in the city is forecast based on the proportional changes in the population on distribution over past two or three decades. The basis for this is the observation that the population in each spatial element will not go on increasing indefinitely but will stabilize over a period of time. This stabilization period for the city in study depends on the size of the total study region, its population and the spatial structure of the city (concentrated, linear, etc.). The output of ratio method will be the percentage of city's population in each zone and since we already projected the total population, we can immediately convert these percentages into zonewise population figures.

Once we have the zonewise population projections, task in the third module is to disaggregate this population into income groups. This can be done by visualising the probable changes in the city economy, the nature of industrialization, growth of formal and informal sectors of employment and zone level characteristics like existing population mix, land and housing characteristics, potential for informal activities, etc. It is exactly here that one faces the constraint of information regarding population distribution across different income brackets or quintiles and the changes over time. We do agree with the fact that the above three modules of population projection distribution and disaggregation into income brackets must be synthesised in an integrative manner incorporating the changes in city economy for better predictability. One can even use another techniques available, like the shift-share analysis<sup>17</sup> or

<sup>17</sup>Stuart F. Chapin and Edward J. Kaiser, *Urban Landuse Planning*, Illinois, University of Illinois Press, 1979, pp. 141-47,

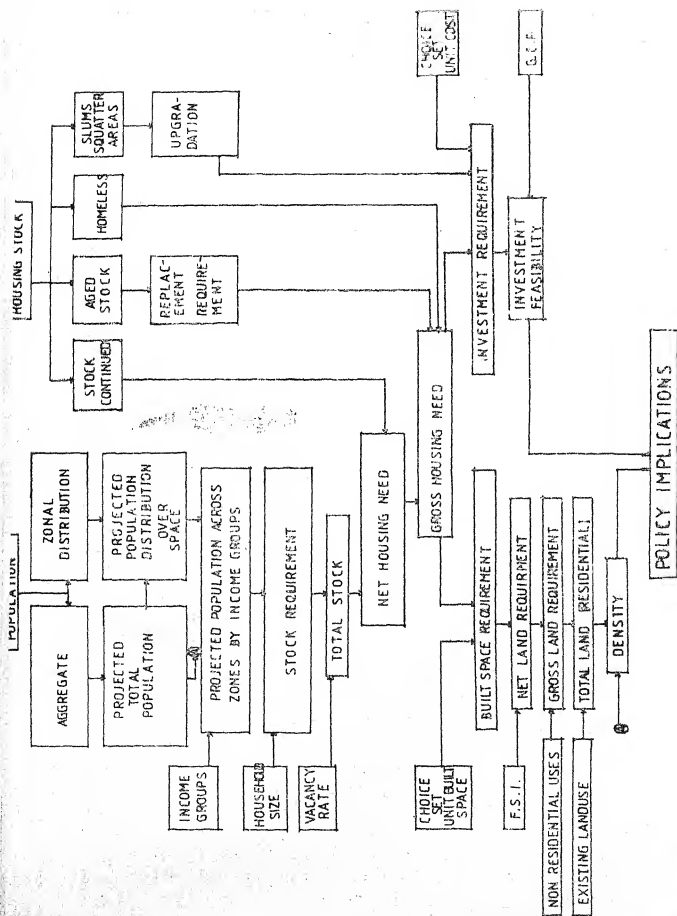


Fig. 1 CONCEPTUAL FLOW CHART

employment-potential method (generally used in transportation studies).<sup>18</sup> The emphasis is more on appropriate assumptions and judgements in the projection rather than on the technique itself.

The fourth module starts essentially from the side of housing stock. A portion of the housing stock will continue to exist in the plan period. The rest of the housing stock comprises aged dwellings that may go out of stock during the plan period and hence require to be replaced, the stock in slum and squatter areas—the spontaneous settlements, and thirdly, the stock with very temporary kind of materials. The first and third kind are considered as a case of replacement requirement and the second one is considered as housing that can be substantially improved by upgrading the availability of services, etc.

The fifth module of housing needs, now converts the projected population into number of households by zone and income groups. This along with the amount of vacant stock required to allow the process of residential mobility, etc., and the stock that is to be replaced for losses, etc., gives the housing need in each zone. A portion of present stock will continue to meet a portion of the need, and the rest is to be met within the resources and policy options in the plan period.

As a prelude to the sixth module, the supply processes are analysed to see the potential of different agencies like housing boards, etc. From this the potential for investment of each agency is derived. Similarly, the trend of supply of private supply and the informal supply processes are also examined and the potential is identified.

The sixth module consists of two sub-modules. The first sub-module is devoted to the sensitivity analysis to identify the key variables and the impact of their changes on overall investment, etc. The second submodule is devoted to examination of policy-alternatives. Different alternatives are outlined to represent the underlying policy in terms of the cost of a unit and built-space required.

Feasibility of each alternative is examined at two levels. The investment requirement for each alternative is examined on the basis of economic feasibility, i.e., whether it is feasible to set aside that much of investment for housing from Gross City Product (GCP). Then at the second stage, the built-space requirement in each zone is converted into land requirement based on prevailing FSI in each zone and the standards pertaining to open spaces, space for circulation, etc. (which are termed as non-residential uses of land). This land requirement is compared with the land availability in each zone and when acceptable, the implication in terms of resulting residential density is derived. (The details of

<sup>18</sup>Colin Lee, *Models in Planning: An Introduction to Use of Quantitative Models in Planning*, Oxford, Pergamon Press, 1973, pp. 71-77,

equations, variables and the overall algorithm are not presented here. They are available in the reference given in the foot note.<sup>19</sup>

#### APPLICATION OF THE FRAMEWORK FOR AHMEDABAD

The name of Ahmedabad, instantly brings into mind the thought of a thread—either the one that Gandhi spindled himself throughout the struggle for independence or that of textiles for which it is well known. However, today with that industry in reds, the closure of mills one after another leads planners and concerned citizens to discuss whether 'The city is dying'. The Ahmedabad Urban Agglomeration area has been growing at about 3.56 per cent compound rate per annum during the last decade. In 1981 the population was about 26 lakh. Two alternative projections have been generated. During last three decades the growth rate has been increasing by about 0.03 per cent every decade, and the first alternative is based on the premise that this trend will continue. In the second alternative the growth rate has been considered to stabilize. The first alternative puts the population figures at 37.4 lakh for 1971 and 53.3 lakh for 2001. The second alternative puts the population in 1991 at 36 lakh and in 2001 at 47.5 lakh.

The population distribution over space is generated into population in each of the five zones which are carved out after considering the urban structure and historical factors.

The scenarios for disaggregation of the projected population into different income groups had to be done a bit crudely in the absence of any time series data. For purposes of consistency, the same income brackets followed by HUDCO have been considered and these four are restructured into 6 groups by bifurcating the LIG and MIG groups into two each. The present income group distribution is derived from the data base of the Housing Market Study at the School of planning.<sup>20</sup> Three alternative scenarios are considered for disaggregation of projected population into the 6 income groups at city level, based on mean household income: the first one with no change from today; the second with fall in income and the third with rise in incomes.

Examining the existing housing stock, it has been observed that during the last two decades the housing stock has been growing at about 3.4 per cent per annum. The details of housing stock by typology are presented in Table 1.

From this table it may appear that public and private housing seem

<sup>19</sup>P.B. Anand, *Urban Modelling as an Aid in Decision Making: A Case of Housing*, Unpublished Dissertation, Ahmedabad, School of Planning, 1987.

<sup>20</sup>Meera Mehta, Dinesh Mehta, *Metropolitan Housing Market: Housing Supplies, Demand and Residential Behaviour in Ahmedabad*, Ahmedabad, School of Planning 1987.

TABLE 1 AHMEDABAD HOUSING STOCK BY TYPOLOGY

(Number of Units)

Year	Pole	Chawls	Private	Public	Informal	Total
1961	86,349	59,456	39,479	14,133	41,396	2,40,813
1971	91,085	59,456	82,406	29,153	77,502	3,39,602
1981	94,706	59,456	1,71,264	49,427	1,17,776	4,92,629
Growth Rate	0.45	—	7.60	6.45	5.35	3.4
Units added in last decade	3,621	—	88,858	20,274	40,274	1,53,027

SOURCE: Adapted from Mehta, *Metropolitan Housing Market: Housing Supplies, Demand and Residential Behaviour in Ahmedabad*, School of Planning, Ahmedabad, 1987, p. 134, 135, 136.

to be growing at a rate greater than that of slums. However, the population living in slums has increased from 2.72 lakh<sup>21</sup> in 1972 to 6.66 lakh<sup>22</sup> in 1981 at a rate of about 10.5 per cent which implies that there must have been an increase in crowding (number of persons per room). The housing stock categorised as slums has been considered a case for upgradation. The replacement needs for each income group are worked out based on the life expectancy of an average dwelling in each category and the average growth rate of housing stock of that category based on the depreciation method. The number of houseless population estimated by census which is put at 1391 households<sup>23</sup> has also been considered to be added to the housing need.

The projection of housing needs is done based on the household sizes for each income group, vacancy rate (proportion of vacant houses to total housing stock) in each zone and replacement needs, etc. Two sets of city level housing needs projections are presented in Table 2.

Before resorting to the feasibility analysis the housing supply system is examined in terms of the product, the approach and the investment potential. The Gujarat Housing Board has been found to be supplying

<sup>21</sup>Planning Commission, *Shelter for the Urban Poor and Slum Improvement*, Task Forces on Housing and Urban Development, New Delhi, Government of India, 1983, pp. 35.

<sup>22</sup>National Buildings Organization, *Handbook of Housing Statistics*, 1982-83, New Delhi, NBD, 1984, pp. 104.

<sup>23</sup>Census of India, Series-5, *Gujarat, General Population Tables*, Part-II. A., Ahmedabad, Director of Census Operations, 1983, pp. 212.

TABLE 2 PROJECTED HOUSING NEEDS FOR AHMEDABAD

Years and Scenario	EWS	LIG-I	LIG-II	MIG-I	MIG-II	HIG	Total
1981-91							
No. Change	1,01,567	1,36,231	67,375	736	-26,607	14,303	2,93,605
Pess.	1,34,649	1,22,258	68,039	1,228	-26,316	1,301	3,01,159
Opt.	71,227	1,37,368	82,088	14,689	-12,746	1,301	2,93,926
1991-2001							
No. Change	1,20,932	77,459	45,000	34,075	20,087	45,312	3,42,865
Pess.	1,35,020	71,508	45,283	34,284	20,211	39,775	3,46,089
Opt.	1,08,012	77,943	51,266	40,016	25,989	29,775	3,43,001

NOTE: Scenarios N.C.—No. change, Pess—Pessimistic, Opt—Optimistic are of income group projections.

about 3,000 houses annually with an investment potential of about Rs. 25 crore, for the city. The Gujarat Slum Clearance Board supplies on an average 4,000 dwellings (mostly for EWS and LIG) by investing about Rs. 5 crore. The private sector supply during the 1971-81 decade is put at 88858 (in Table 1). However, analysing the number of permissions granted by Ahmedabad Municipal Corporation (AMC) during this decade and assuming similar trend in peripheral areas, the total number of newly added dwellings is estimated to be about 62,000 and therefore the remaining 27,000 units must have come from (legally approved) extensions, subdivisions etc. From the perceived prices and house sizes of the upper four income categories, average cost per square metre works out to be Rs. 1,687 and from the AMC statistics<sup>24</sup>, average size of a house added in that decade is worked out to be 39 sq. met. From this, average investment for one unit of private sector supply works out to be  $(39 \times 1687)$  about Rs. 66,000. With the assumption that a dwelling added by subdivision costs a third of the cost of a new dwelling, the total private sector investment during the last decade can be put at Rs. 466 crore or about Rs. 47 crore per annum (with 41 crore for new dwellings and 6 crore for readjustments). Similarly, investment in informal sector which adds about 5,500 units every year, has been estimated to be 1.5 crore. The summary of these estimates is shown in Table 3.

The GCP of Ahmedabad, in 1976 is estimated to be Rs. 579 crore.<sup>25</sup>

<sup>24</sup>Ahmedabad Municipal Corporation (AMC), *Statistical Outline of Ahmedabad City*, Ahmedabad, AMC, 1985, pp. 241.

<sup>25</sup>S.P. Kashyap, D.R. Weena, *et al*, *Facets of an Urban Economy: Economic Base Study of Ahmedabad*, Ahmedabad, Sardar Patel Institute of Economic and Social Research, 1984.

TABLE 3 SUMMARY OF ANNUAL HOUSING SUPPLY POTENTIAL

<i>Typology</i>	<i>Number of Units</i>	<i>Average Investment (Potential) Rs. Crore</i>
1. Public Housing	7,000	30.0
2. Private Housing:		
New Construction	6,186	41.0
Conversions	2,700	6.0
Total for private	8,886	77.0
3. Informal	5,500	1.5
Grand Total	21,386	78.5

At 1981 prices, the projected GCP for 1981 is about Rs. 640 crore; about 150 crore for 1991 and about Rs. 1,100 crore for 2001.

The feasibility analysis begins with outlining of different policy alternatives in terms of average house size and unit cost for each of the six income categories. Five policy options are examined here and their investment and land implications for first decade have been presented in Table 4. The unchanged intervention (UI) scenario represents the ceiling costs (as per HUDCO norms) and quantum jumps in house sizes. To emphasise the point that to some extent our housing problem is a problem of distribution of available resources rather than non-availability of resources, the high-income-investment-limiting (HIIL) scenario shows that by just bringing down the cost of MIG and HIG houses, we will be straightaway saving about 60 crore in a decade—as much as required for upgrading all the slums in Ahmedabad. To emphasise this point a bit more, the upgradation scenario, where to begin with, a lower standard (therefore lower cost) house is considered for all income groups, with the idea of progressively upgrading the standard. With such scenario total housing investment required is just Rs. 44 crore a year—well within the annual investment potential earlier estimated in Table 3. The problem with the traditional approach of supplying a house like a package product (PP) to EWS and LIG categories is seen in this scenario, where even after bringing down the standards (and costs) of MIG, and HIG, the overall investment required is quite high. Finally, an approach like site and services for EWS and LIG seems to be the favourite strategy because it necessitates least investment. However, these five sets are chosen just to illustrate the use of the framework. One can generate even more number of scenarios

TABLE 4 INVESTMENT AND LAND IMPLICATIONS OF HOUSING NEEDS FOR 1991

Policy Scenario	Investment for new (Rs. crore)	Total investment (Rs. crore)	Investment as per cent of GCP	Land requirements (Ha.)
1. U1	563.0	621.9	8.47	1,459
2. HIIL	509.0	567.9	7.74	1,594
3. Upgrade	383.0	441.9	6.02	1,341
4. P.P.	640.0	699.0	9.52	1,341
5. S & S	355.0	414.0	5.64	1,341

NOTE. Land requirement is calculated taking FSI of 1.0 and 30 per cent of area for open spaces and circulation.

to specifically identify the sensitivity of total investment in housing for each category. Similar analysis can be carried out at zonal level to identify strategies for each zone. However, from the above analysis it is identifiable that reduction in standards and costs (low-cost housing) has to be applied for all types of housing units rather than only to the lower-income group housing.

We conclude this with an illustration of what may happen if nothing is done. At present the annual housing need is in the range of 30,000 units whereas the annual average supply is about 21,400 units leaving a gap of 8,600 units every year. With the assumption that a third of this gap will be met by dwelling readjustments in formal sector, a third will be met by overcrowding in existing slums and the remaining will lead to formation of new slums, the resulting housing stock by typology is projected in Table 5. At the current occupancy rate of 5.65 persons per dwelling unit in slums, the population of slum dwellers in 1991 will be about 13 lakh (i.e., about 34 per cent of the projected population of 37.4 lakh) and in 2001 will be about 19.3 lakhs (i.e., 36 per cent of projected 53.3 lakh). It shows the seriousness of the situation and the need to gear up the supply processes before forcing every third 'Amdavadi' to live in slum. "No doubt slums will stay with us as long as we are not able to eradicate poverty and social inequalities."<sup>6</sup> But in a limited sense, in view of the real escalation in building costs (difference between rate of rise of building costs and rate of inflation, for Ahmedabad put at 1.3 per cent per annum<sup>8</sup>), the sooner we act

<sup>6</sup>M.C.K. Swamy, "Slums: Ruralisation of Urban India", *Nagarloka*, Vol. XIX, No. 2, April-June 1987, pp. 22-28.

<sup>8</sup>P.B. Anand, *Whither the City's Housing: Policy Issues and Planning Premises (A Case of Housing Finance for Ahmedabad)* mimeo, Case Study for Workshop on Housing Project Finance, New Delhi, IHSP, HSMI, 1987.

TABLE 5 PROJECTED HOUSING STOCK BY TYPOLOGY

Pole	Cluzwla	Private modern sector			Public	Informal housing		
		New Cons.	Sub Divided	Total		New	Sub Divided	Total
1. Stock in 1981	94,706	59,456	—	1,71,264	49,427	—	—	1,17,776
2. During decade								4,92,629
(i) Regular	—	—	61,860	27,000	88,860	70,000	55,000	—
(ii) Forced	—	—	—	28,670	28,670	—	28,670	52,340
TOTAL	—	—	61,860	55,670	1,17,530	70,000	83,670	1,12,340
3. Stock in 1991	94,706	59,456	—	2,88,794	1,19,427	—	—	2,30,116
4. Stock in 2001	94,706	59,456	—	4,06,324	1,89,427	—	—	3,42,456
								10,92,369

Note: Forced condition implies the adjustment in supply process to meet the additional 86,000 units.

the lesser will be the resources required to meet the housing need, and greater will be the social benefits (in terms of improvement in living conditions and health).

#### LIMITATIONS OF THE FRAMEWORK

In spite of the predictability, this framework as already stated, is a housing needs framework and therefore the aspects of housing as an economic phenomena are not considered. Secondly, this framework is just a tool in the hand of user for generating and comparing various sets of alternatives and the decision regarding which alternatives to be generated is entirely left to user. A lot of judgement and subjectivity is still involved. It just tells the implications of a decision rather than giving a decision itself (and rightly so because when we began we wanted it to be like that). It does not consider the effects of tenure, residential mobility, filtering, etc. To some extent, this (or any such) framework is constrained by the lack of data over a period of time. It is necessary to build up an appropriate information system for housing.<sup>28</sup> If the census apparatus can be extended to collect information on income, expenditure and other characteristics of households also, the use of this kind of framework will be greater.

Though most of these limitations can be removed by further research into these aspects, any such framework will be meaningful only when it is appropriately associated with the institutional mechanism if any of the decisions generated by the analysis are to be realized. ☐

<sup>28</sup>Vinay D. Lall, "An Information System for Housing", *Nagarloek*, Vol. XVff, No. 4, October-December 1985, pp. 53-58.

# *Institutional Infrastructure for Financing Home Ownership Programme*

VINAY D. LALL

THE MOST remarkable achievement of the International Year of Shelter for the Homeless (IYSH) in India was the green signal given by the Parliament to set up the National Housing Bank (NHB), the apex financial institution to be established to provide specialised support to the housing sector and promote and develop a viable financial system. The issue had been hanging on for the last four years, after the proposal was first mooted in the deliberations of the Seventh Plan Working Group on Housing and was subsequently included in the Seventh Plan programme. A view was being expressed that the NHB was not required even after the Seventh Plan had included it as a necessary institutional component for the housing sector. Ultimately, the initiative and work of the Ministry of Urban Development, Government of India and individual researchers, could successfully see through the NHB proposal, with the blessings of a high level Committee of the Reserve Bank of India<sup>1</sup>. The Prime Minister announced the setting up of the NHB in his Budget Speech of 1987. It is remarkable that within the course of a few months, the NHB Bill was introduced in Parliament in August 1987 and passed by Parliament before the close of the IYSH.

The NHB will be established as a subsidiary of the Reserve Bank of India (RBI). The RBI is now doing the preparatory work required to set up the NHB. The RBI has also set up another High-Level Committee to recommend the type of base level institutions and policies to be adopted under the network of NHB.

The need for a NHB arose because it was felt that a major constraint to the growth of the housing sector was the inadequate availability of

<sup>1</sup>This Committee, under the chairmanship of Dr. Rangarajan, recommended the establishment of the NHB. For details, see Reserve Bank of India, *Report of the High-Level Group on the Proposal to set up a National Housing Bank and other Allied Issues*, 1987.

finance. The general financial institutions like the LIC, GIC and commercial banks supported housing activity to some extent, mainly in terms of their commitment to finance selected socially oriented programmes. There was no clear-cut directive or policy to develop the housing sector *per se*. Specialised housing finance institutions like the HUDCO, the HDFC and cooperative housing finance societies met only a small proportion of the housing finance required. While HUDCO has directed some of its efforts to low-income housing, its activities are restricted to financing public sector agencies and group cooperative housing societies.

The cooperative housing finance societies, the HDFC and other private sector companies cater to the needs of the better-off segments of the population, mainly earning an income in the organised sector of the economy. Partly due to the limited resources at their disposal, the policies of these institutions are very conservative, effectively, eliminating the majority of the people from having any access to their facility.

What is required now is a well-developed and specialised financial system, which will broaden the base of activity and also develop innovative policies that will provide easy and affordable access to all segments of the population.

The creation of the NHB and base level institutions under the NHB, will by itself, not be able to do all that is expected of the system, unless policies are developed and operational mechanisms are built up that will meet the needs of the people. Hence, the major concern is to develop an institution building strategy at the level of the NHB, at the level of intermediate level institutions and at the level of local level or base level institutions. The strategy has to be an integrated one. Some issues relevant to such a strategy are examined in this Paper.

#### NHB STRATEGY

The main functions of the NHB, as stipulated in the NHB Bill, are to promote, establish and support new housing finance institutions at the state and regional levels (the base level institutions), provide home loan facilities as well as mobilise household savings.<sup>2</sup>

While it is not yet clear as to what the NHB strategy will be, one can get some idea from a study of its major functions. These functions, stipulated in the NHB Bill, provide for grant of loans, advances and other financial assistance to housing finance institutions and scheduled banks, subscription to shares, stocks, bonds and debentures and accept-

<sup>2</sup>For details, see Government of India. *The National Housing Bank Bill*, Bill No. 91 of 1987, pp. 6-7 and 25-26. Reserve Bank of India, *op. cit.*, 1987, pp. 33-34.

ing, discounting and rediscounting bills of exchange, promissory notes, debentures, etc. The NHB will thus, provide both direct and indirect assistance through refinance support, to the housing sector at the institutional level, and which will then percolate downwards in the form of home loans to individuals. The NHB will also perform the functions of an underwriter to facilitate housing finance institutions to tap the capital market. NHB's other promotional services will include development of a data base through surveys, and research on construction technology, shelter programmes, resource schemes, etc., provision of technical and administrative inputs, manpower development programmes, identification of housing-related impediments (legal, fiscal, physical, environmental and technical) and promoting measures to remove them. It is important to note that the NHB has also been endowed with the function to form, promote and manage subsidiaries to carry out all or any of its functions.

The above-mentioned functions suggest the type of institutional system that may be created under the umbrella of the NHB. While initiative will have to come basically from local organisations to set up housing finance institutions, State and Local governments will have to take up the task when private initiative may not be forthcoming. The NHB should enter the area of directly establishing housing finance institution only as a last resort. It is hoped that the NHB will primarily encourage others to do so.

The home loan institutions will have to evolve and implement innovative policies, relating to both resource mobilisation and home loan activities, keeping in view the local socio-economic conditions and requirements of the people and this will be supported through the NHB programme to develop a good research linked data base. The home loan institutions will also have to directly mobilise resources from the capital market and NHB will support this programme through underwriting of their public issues and direct subscription (hopefully, in limited amounts) to the same.

#### INTERMEDIATE/BASE LEVEL INSTITUTIONS

It is also not clear how the financial infrastructure will be developed under the umbrella of the NHB. Will the system consist exclusively of local-level or base level institutions or will it also include some state/regional level institutions, which may be called intermediate level institutions? The idea is to keep the institutional structure simple and not have too many intermediaries between the primary source of savings in the economy and the individual home loan beneficiary. But no blanket rule should be made.

At a recent seminar organised by the Society for Development Studies

(SDS) to examine the type of institutional development that may be undertaken under the NHB, the consensus was on the need to promote both intermediate level institutions and local-level institutions. The intermediate level institution may operate at the regional/state level performing some of the functions of the NHB, sort of functioning as a mini-NHB, within its jurisdiction. It will provide direct home loans and mobilise household sector savings, but will also promote groups and organisations to take up savings mobilisation and home loan activities in specified jurisdiction in terms of geographical area, income groups, occupation groups, etc. The intermediate level institution will thus, function as a catalyst to decentralise home loan activities and savings programmes and get directly involved when no base level initiative may be forthcoming. In fact, the intermediate level institution can develop a home loan market in specified areas and once local initiative comes forward and is trained enough to take up the task, the intermediate level institution may gradually withdraw, partly or wholly, from the same and use its resources to develop base level operations elsewhere.

This type of intermediate level operations, I feel, can play a critical role in the initial period of institutional development. Such a role will be particularly important in institutional creation programme in backward areas, difficult terrains, hilly areas, rural/semi-rural areas and for under-privileged economic and social target groups. The housing finance system needs a development banker approach rather than a money lender approach.

It is, therefore, desirable that the establishment of intermediate institutions be carefully planned, coordinated and monitored. It would be desirable that intermediate level institutions should be basically established in the public sector, or as a joint venture with selected private sector organisations and cooperative sector institutions participating in the programme. It is important that the same institution, public or private sector or government, should not participate in formation of intermediate level institutions in many parts of the country. A degree of geographical specialisation should be developed, as experience shows that there is always a fear that if the same institution spreads its operations, it will tend to propagate policies based on the experience in a particular part of the country. A national level model should be discouraged.

Intermediate level institutions should be properly structured and operate through three or four specialised divisions, which will perform the functions relating to resource mobilisation, credit policies and loan sanctions, data bank and information and administration and accounts. As innovative policies have to be developed that will be specific to the locale and economic conditions of the potential beneficiaries, the need to develop a good data base is self-evident. In fact, the data base will

provide inputs to structure new types of credit policies, repayment schedules, savings instruments, etc.

A base level institution will be a purely local level institution that will be engaged in operations at the level of the individual and the community. It will tap the community savings through local-level relevant schemes, accept, appraise and sanction home loan proposals, disburse home loans and collect home loan repayment instalments. In each of the activities, the local level institutions will have to promote and develop dynamic and flexible policies to accommodate the largest proportion of people within their jurisdiction rather than try to make the people fit into some norms and procedures that may have filtered through the higher level of institutions. The local level or base level institution will also provide local level data and information, including on housing and housing finance related issues, to intermediate level institutions and the NHB to take up appropriate measures at the state/regional/national level with the governments (central/state/local), financial institutions, capital market, legal system, etc.

The SDS seminar, therefore, recommended that measures should be taken to promote a variety of base level institutions in the public sector, cooperative sector, joint sector and the private sector, as per the needs of the people. Different modules and mixes of base level institutions should be created and the present practice of developing uniform norms and policies all over the country should not be repeated in the housing finance system.

#### COMMERCIAL BANK INITIATIVE

In December 1987, two Commercial Banks have set up housing finance institutions at the regional level. The Canara Bank has established Can Fin Homes Limited (CFH) to provide home loans in the southern states and operations have commenced in Bangalore. This institution has an initial equity-capital of Rs. 5 crore, subscribed to by the Canara Bank (26%) Canbank Financial Services Limited (4%), UTI and HDFC (12.5% each), ICICI and Asian Development Bank (5% each). The remaining equity capital (35%) will be mobilised through a public issue. The State Bank of India has established Housing Promotion Finance Corporation (Private) Limited (HPFC), also with an equity capital Rs. 5 crore, subscribed to by SBI Capital Markets (20%), HDFC (20%), financial institutions like UTI, GIC, and LIC (35%) and the remaining equity (25%) will be placed privately with public and private sector companies operating in Eastern India. The Punjab National Bank is considering the setting up of a housing finance institution in the Northern Region, but it is still not clear as to whether it will operate as

a subsidiary of the Bank or as a joint venture, in partnership with other financial institutions.

The commercial bank initiatives must be welcomed. They can play a crucial development role at the regional/state level and operate as both intermediate and local level institutions. It is necessary that they do not, however, develop an all-India programme, because what the housing sector really requires is local-level relevant and innovative policies and strategies, both for savings mobilisation and home loans. It is also to be considered whether the same set of national level institutions like the UTI, LIC, GIC, and existing housing finance institutions like HDFC, should get involved in all intermediate and base level institutions throughout the country. One fear of encouraging the same institutions to develop housing finance institutions all over the country, is the propagation of practices relevant in one part of the country to other parts of the country, where they may, probably, be most inappropriate. This has been the problem in financial intermediation and particularly in the housing sector so far. Furthermore, there will be a tendency to develop a monopolistic or oligopolistic policies which may not be in the interest of the housing finance system.

The new institutions, including those promoted recently by the commercial banks, should develop their own operational policies and not necessarily be wholly guided by policies of some of the promoting institutions. It appears that the two commercial banks promoted institutions are heavily banking on the *modus operandi* of the HDFC. While the HDFC has done pioneering work in the area of home loan financing in the country, its conservative policies relating to assessment of credit status, collateral, repayment schedule, rate of interest and a variety of fees and charges, do not provide much hope that such a system can filter down its benefits to low-income and other disadvantaged segments of the population. If such policies are followed, it is unlikely that the commercial bank operations will make any dent into the housing finance needs of the majority of the country's home loan aspirants, and may be providing an additional window to the elite groups of potential home owners.

It appears that the commercial bank promoted institutions propose to undertake housing construction activities, in addition to housing finance, in line with the activities of the HDFC, which has a subsidiary company working in the area of land development and housing construction. This is a dangerous practice, linking construction and finance, because while the former is a high profit and quick return generating venture, the latter is a long-gestation, low profit venture, and there is always a temptation to go in for softer options to show good profits and viability rather than develop gradually a strong base for a housing finance infrastructure. Discussions with CFH and HPFC reveal that

the provision of construction activity in their articles of memorandum is an 'enabling provision'. What happens generally is that an 'enabling provision' becomes a major provision for operative purposes, as has been seen so often in the activities of public development authorities which were permitted housing construction activity as an 'enabling provision' but have tended to take it up as a major activity and have pushed land development, town planning, etc., into the background. It is hoped that the new housing finance institutions promoted by the commercial banks will keep away from the trap of their 'enabling provision' of housing construction activities and develop a system that will give access to institutional finance to all types of home loan seeking population.

#### THE REAL ISSUE

The real issue is how to make the emerging housing finance system accessible to all segments of population. For this purpose, it is necessary, in the first instance, to develop specific programmes for specific target groups, which must be carefully identified. Each intermediate and base level institution will have to take up this task within their area of operations. Some guidance may be taken from Draft National Housing Policy which has identified several groups of people whose housing needs require priority attention and the housing finance institutions may start with such groups of people for developing specific programmes. The disadvantaged groups include:

1. The houseless;
2. Scheduled caste, scheduled tribe and freed bonded labour;
3. Rural landless labour, including artisans;
4. Economically weaker sections;
5. Low-income groups;
6. Widows, single women and women headed households;
7. Physically and mentally handicapped; and
8. Victims of calamities.

The above list is not necessarily comprehensive and the focus is on economically and physically handicapped people, including, in particular, people living and working in the informal sector.

After identifying such special groups whose housing finance needs have to be met, the intermediate and base level institutions will have to develop appropriate data base on their housing and housing finance requirements, and economic conditions to assess their affordability to absorb and service home loans as well as participate in a savings programme. With the data base and with support from the NHB, appro-

priate savings and credit policies can be then formulated. As far as other groups of people living in the jurisdiction of the housing finance institution are concerned, the problem of developing specific programmes may not be serious. As such people, who are relatively better off, and have regular streams of income, can be accommodated within the existing savings and home loan policies.

The question of making a home loan affordable to the poor must be seen not only in terms of the rate of interest charged by a housing finance institution but also in terms of the various fees levied in the process of approving a home loan, the charges prior to final disbursement of the loan, and the computation of the repayment instalment itself, which today is highly biased in favour of recovery of the interest amount. Also, the fiscal system provides considerable relief to a home loan beneficiary if he is an income tax assessee, and thereby brings in an element of inequity against a non-income tax paying beneficiary. The housing finance system will have to examine how this problem which affects the poor, can be resolved. □

## *Urban Shelter Programme and Cost Recovery Issues\**

KALYAN ROY

PROBLEMS OF urban shelter have assumed a great significance throughout the world and are a source of great concern particularly in the third-world developing economies. Economists may rightly argue that these problems are mere manifestation of lack of economic growth which pervade the third-world countries in general and, therefore, urban shelter programmes shall have little relevance unless required levels of economic development can be effected at the first instance. While this argument is not disputed, the problems of urban shelter in the third-world countries have assumed such a proportion that urban planners and policy makers can't really afford to wait for the future economic progress to take care of them. Thus, Urban Shelter Programmes are becoming increasingly important in the developing countries and the aspect of Cost Recovery has had so wide-ranging implications in this context that without dealing with some of the conceptual issues related to urban shelter and policies and programmes thereof, the subject in question can't be studied. With this approach, this paper would draw references to the relevant experiences of Calcutta, wherever possible.

### URBAN SHELTER

Traditionally, shelter has been conceived as individualised product, i.e., private goods, and thus could mean whatever definition an individual preferred to assign. But when provided by a public agency, a shelter ought to mean not only the housing superstructure but also the attendant rudimentary urban amenities and civic infrastructures essential for a comfortable living. This is particularly true for an urban area. As a matter of fact, there is a tendency to look at the shelter problem

\*Views expressed in this paper are solely of the author and not of the organisation he is employed in.

by the parameter of number of housing units alone, without any regard to the rudimentary urban amenities and civic infrastructures. There may be various kinds of shelter in an urban area and quality of shelter of a kind exerts a lot of influence on the other. Urban shelter assumes an important role and deserves a special treatment in the third-world countries particularly.

*Urban Shelter vis-a-vis Urbanisation in the Developing Countries*

Significance of urban shelter in the context of urbanisation in the third-world countries is paramount. It is a fact that the process of urbanisation in the third-world countries has been relatively fast as compared to the same in the western advanced countries. Looking at the growth of urban population, it is observed that the third-world countries registered a 6.75 times increase in urban population during the 50-year period, from 1930 to 1980, as against 2.75 times increase in the developed region of the world during the same period. While the process of urbanisation in the advanced countries followed a concomitant of rapid pace of industrialisation, a reverse relation has been observed in the case of third-world countries. The urban growth in the latter has been accompanied by low per capita income and low level of employment, with majority of the urban population belonging to economically weaker section (EWS). Despite the percentage of urban population to total population in the developed region scoring a higher mark (70 per cent in 1980), compared to the same in the developing countries (31 per cent in 1980), the urban growth in the latter is characterised by a lopsided urban hierarchical structure with small number of cities being disproportionately large. The demographic, spatial and socio-economic characteristics of the process of urban growth and urbanisation have resulted in emergence of substandard human settlements in large measure. These low-income low-cost urban squatter or slums settlements differ in their physical, legal and socio-economic characterisation across the third-world countries. 'Barrios' in Latin America, 'Gecekondur' in Turkey, 'Kampongs' in Malay and 'Bustees' in India are examples of such low-income settlements. In general, these settlements suffer from severe dearth of living environment. Some of these settlements have legal sanctity and some not. Besides slums and squatter settlements, there may be incidence of some urban people living on pavements of major third-world cities, with everything open to sky. Further, going by the nuances, squatting generally occurs when people forcibly occupy land for the purpose of shelter and construct thereupon non-conventional housing with whatever materials, cheapest and locally available. Slum settlements differ from squatter settlements primarily with respect to legal connotation in that slums are authorised

and legal. Nevertheless, it is very difficult to have unique definition for either squatters or slums across the world.

### *Problem of Urban Shelter in Calcutta vis-a-vis Urban Growth*

The process of urbanisation in both India and West Bengal are characterised by relatively low rate of urban growth; but the absolute magnitude of urban population coupled with pronounced spatial inequality is quite reckonable and is a source of great concern. West Bengal, however, has registered a higher urban growth between 1931 and 1981 in that the urban population in West Bengal increased by five times, against 4.6 times increase in India. The urban growth in West Bengal was accentuated by two spates of large scale influx of migrants from the neighbouring country, viz., Bangladesh (formerly East Pakistan). In fact, in the eastern region of India, West Bengal is the most urbanised state. The Calcutta Metropolitan Area (CMA), within the State of West Bengal, is the largest metropolitan area in not only the state, the eastern region, but also in the country. The CMA, with a population load of 10.2 millions in 1981, accounts for about 70 per cent of the state's urban population. The CMA performs a vital role in the economic development of not only the state but also the country as a whole. The city of Calcutta, the nerve-centre of the CMA, is one of the largest cities in the world accounting for around one-third of the CMA-population. Again, the city of Calcutta, with less than one-tenth of the CMA area of 1350 sq. km. and about one-third of the CMA's population, leads to an average density of 31, 779 persons/sq. km. against the average CMA-density of 7822 persons/sq. km. Although the city of Calcutta has started showing signs of saturation, other urban areas, particularly the non-municipal urban areas in the CMA are contributing to the population growth of the CMA largely.

It is no exception that following the general trend in the third-world countries, the CMA exhibits a large number of sub-standard settlements in terms of either slums or squatter inhabited by people belonging to economically weaker section (EWS)<sup>1</sup>. It is estimated that 45 per cent of the CMA population belongs to EWS. Another 26 per cent belongs to the category of low-income group (LIG)<sup>2</sup>. Besides authorised slums (bustees) and unauthorised squatter settlements, the CMA also exhibits a large number of refugee colony, built by migrants driven out from their homelands because of political reasons, and pavement dwellers.

<sup>1</sup>Previously, EWS was defined as households having a monthly income of up to Rs. 350. Recently, the HUDCO has revised the same to Rs. 700.

<sup>2</sup>The previous and the recent HUDCO delineation of LIG have been the households with monthly income ranging between Rs. 351 and Rs. 700 and Rs. 701 and Rs. 1,500 respectively.

The instance of pavement dwellers is observed in the city of Calcutta particularly, which according to a recent survey, number around 65,000. Nevertheless, all these different categories of low-income settlements in the CMA exhibit near absence of basic rudimentary urban amenities, apart from abject poverty. In the CMA, bustee and refugee colony population together constitutes about one-third of the total and the same for the city of Calcutta works out to around 40 per cent of the total city population. The urge of earning a livelihood leads to engagement of a large section of urban workforce in low-paid jobs within the CMA. Low earnings prompt them to stay close to workplaces for not only ensuring regular employment but also saving transport costs. Very low level of affordability towards shelter, even nil for some, push them to whatever shelter like slums and squatter settlements and even to pavement dwelling for some. This phenomenon is particularly pronounced in the metro-core. Majority of these people may have some kind of roofs above their heads, but they suffer from severe lack of urban infrastructural facilities. Insanitary environment coupled with frequent occurrence of epidemics and endemics and decadent culture alongwith incidence of social crimes have had adverse impacts on not only the residents of low-income settlements but also the economically better off neighbourhood.

In 1981, it was estimated that to tackle the shelter problem, the CMA needed an addition of 42,600 public sector shelter units per annum through 2001, besides preservation of existing shelter stock and new shelter creation at individual/private initiatives.

#### URBAN SHELTER PROGRAMME

It is an inescapable phenomenon across the third-world countries that there exist a large number of low-income settlements in various forms. The various manifestations of low income settlements having adverse impacts on neighbourhood shook the entire community and called for public sector intervention for provision of urban shelter for the sake of not only the have-nots but also the haves. This had triggered off formulation and implementation of urban shelter programmes in urban areas at the instance of public sector. The public sector urban shelter programme has involved not only creation of new housing stock coupled with rudimentary urban and civic amenities but also preservation of existing stock accompanied by improvement in basic urban amenities. For an urban shelter programme in a developing country, it is obvious that major component of the programme would be addressed to the economically weaker section of people.

In the Calcutta Metropolitan Area initially the shelter problem had been addressed through a number of piece-meal schemes taken up by

different government agencies and never a comprehensive shelter programme has been designed within an overall perspective of shelter development. In an urge to increase supply, rental schemes were designed for industrial workers, plantation workers, low-income groups of people. Some government agencies and even private industries also created certain housing stock for their employees. Notable amongst the government agencies had been the Housing Department of the Government of West Bengal, West Bengal Housing Board and the Calcutta Improvement Trust (CIT). Schemes for slum clearance and improvements were launched during the Second Five Year Plan. However, efforts of these agencies declined over time and the shelter problem continued to deteriorate with growth of urban population. The Basic Development Plan of the CMA (1966) made certain concrete recommendations for both creation of new shelter and preservation of existing stock of shelter towards solution of shelter problem in the CMA, but the same were not translated into action.

The CMDA, however, soon after its emergence in 1970, tried to address the shelter programme in a bigger way through inclusion of a number of Sites and Services projects for creation of new shelter stock, on the one hand, and a massive Bustee (slum) Improvement Programme for preservation of existing stock, on the other, under the different phases of Calcutta Urban Development Programme (CUDP). In 1981, the CMDA had developed a long-term perspective of shelter and suggested a number of measures in terms of investment proposals and legal, administrative and policy changes.

The achievements under the Bustee Improvement Programme (BIP) have been notable. This programme involved provision of basic infrastructures and services to the large number of slum settlements within the CMA over a period of time. Incidentally, the BIP efforts were complemented by launching separate programmes for social and economic upliftment of slum dwellers, viz., the Small Scale Enterprises Programme (SSEP) and Health Programmes for slum dwellers. These three programmes, though involving relatively small doses of investments, have had significant impacts in terms of not only improving the quality of life in the slums but also in terms of its impacts on neighbourhood.

Addition to shelter stock is underway under the aegis of the CMDA, whereby a large number of serviced sites are being offered to a composite group of beneficiaries, with bulk belonging to EWS and LIG, for sale on hire-purchase basis. The delivery so far, however, has been partial.

## COST RECOVERY ISSUES

Cost recovery in case of shelter holds a special significance because pricing of it is influenced by a number of factors and not merely by forces of market as it is in cases of other commodities. Moreover, shelter combines the characteristics of both a public and a private goods. Pricing of shelter in the context of inter-play of demand and supply is constrained by having to ensure a minimum level of supply to all, irrespective of the level of affordability of beneficiaries. Thus, the concepts and policies related to urban shelter become important determining factors for designing cost recovery mechanism. With this background, as presented in the earlier sections, various implications of cost recovery can now be explored.

The first question that arises in this context is 'why is cost recovery necessary'? It is well appreciated that in the third-world countries, in general, the magnitude and dimension of urban shelter problem are very large. Therefore, no shelter programme involving use of scarce investible resources can address the entire problem in one shot. It is, therefore, necessary to replicate the shelter programmes on a sustained basis over a relatively long period of time. Also, there are always a number of other development programmes which compete for the limited investible resources in the developing countries. Some economists said that in the 1950's, 7 dollars of investment was required for producing 1 dollar worth of housing services, as against 1.8 dollars of investment for 1 dollar worth of steel. Thus, the need for ensuring a balanced sectoral development puts a limit on the amount of investments available for shelter development at any point of time. This, coupled with the need for replicability of shelter programme in quick succession, makes it essential to have the total cost of a shelter programme recovered from the programme beneficiaries themselves.

With the above arguments in favour of cost recovery, the next question that arises is "what method of cost recovery may be appropriate in a given situation"? For example, there may be direct or indirect cost recovery of certain investments. Also, the recovery may be proposed either in one shot or over a period of time in terms of deferred payments. In the case of shelter, ideally the recovery should be direct from the beneficiaries because shelter becomes individualised goods, an individual asset, as soon as the same is delivered. Moreover, if the costs are not recovered from the beneficiaries, people not obliged with any shelter shall have to pay for the same and thus the instance of inequity will creep in. However, one may argue as to whether the entire cost associated with shelter shall be recovered directly from beneficiaries particularly when certain components of the shelter package may lead to accrual of benefits to the neighbourhood. Anyway, major

part of a shelter programme cost, depending on how a package is designed, shall be recovered from the beneficiaries themselves. As the practice goes, direct recoveries of shelter costs are achieved in the form of either down-payment of hire-purchase or rentals. When shelters are constructed for rental purposes, direct recovery of cost is staggered over a relatively long period of time. When a shelter is constructed for outright sale, entire cost recovery may take place in one shot or over a short span by hire-purchase system. Whenever the costs are recovered on deferred payment basis, interests on non-recovered capital are imputed to determination of the amounts of instalments.

The third question that arises in the context is "what are the costs which are to be recovered"? This question is inter-related with the fourth question, *viz.*, "what is the affordability of the target groups for whom a shelter programme is designed"? It should be remembered that whatever cost may be aimed to be recovered are constrained by limits of affordability of the beneficiaries. It is often found in practice that the costs to be recovered from beneficiaries are in excess of the limits of affordability.

It has been generally found that when housing units only are constructed as part of a shelter programme without the attendant infrastructural facilities that already exist, housing cost alone is recovered. But whenever a shelter project design involves construction of both the housing units and the associated infrastructural facilities, the entire costs including the costs of the latter are attempted to be recovered. This brings an element of inequity in the very method of cost recovery, as far as provision of shelter is concerned. Therefore, while deciding upon the elements of costs, a parity in cost-recovery approach shall have to be achieved between different kinds of shelter projects, *viz.*, preservation of existing shelter stock, construction of new housing units solely, provision of a shelter package involving both housing units and infrastructural facilities and the like. It is not to say that there shall not be any recovery of cost for certain components of shelter. There may be user's charges for certain services consumption of which is quantifiable by each beneficiary, irrespective of whether such services are extended as a part of shelter programme or not. User's charges will help direct recovery of cost. For other items of infrastructural services, consumption of which are not measurable by each beneficiary household, recoveries may be attempted through indirect methods of taxes and levies. Here, directly or indirectly, all costs are recovered from the beneficiaries to whom only the services are physically extended. Now, where the beneficiaries are largely economically weaker section, full cost recovery—directly or indirectly—may not be feasible. Given that shelters coupled with infrastructural services are often extended to them with a view to saving certain costs or disbenefits to the better-off neighbourhood, on the

question of equity it would be judicious to have the latter pay a part of the costs incurred on shelter programme for the former.

Besides selection of the elements of cost for the purpose of recovery, care has also to be taken about the technical design and technological considerations that have bearing on the cost of production of shelter. Often, shelter design parameters have been such that cost of production becomes unnecessarily large for beneficiaries to afford the same. In fact, this aspect is often not paid enough attention. Charles Abrams in his book titled *Man's Struggle for a Shelter in an Urbanising World*, has said "the technical genius that discovered the secrets of speed, sound, space and light still cannot build a house cheap enough for the average person".

On the question of affordability, some normative assessment is made about the ability and willingness to pay for the different groups of beneficiaries. Often in practice, the actual situation differs from the normative assessment. The combined impacts of the factors of relatively high cost of production of shelter, on the one hand, and relatively low level of affordability compared to what is assumed for the poor people particularly, on the other, results in a wide divergence between affordability and the cost of production in an urban shelter programme in the third-world countries. Cross-subsidies between the different groups of beneficiaries alone does not help recover the full costs of the shelter programme and thus necessitates transfer of revenue grant from the state exchequer to the project coffer. This phenomenon tends to weaken the efficacy of cost recovery mechanism, in howsoever, best possible way the same may be designed and thereby sets limit on replicability of shelter programme which is again essential for addressing the totality of shelter crisis in the developing countries.

It should be borne in mind that a single urban shelter programme can cover only a small percentage of economically weaker section, who contribute to the shelter crisis considerably and constitute the bulk of target group. Therefore, non-replicability of the urban shelter programme would be self-defeating.

#### *CMA Experience in Cost Recovery*

The experiences with respect to cost recovery in shelter programmes in the CMA have been mixed. For example, the experience has not been a happy one as far as the rental housing in the CMA is concerned. For this category of shelter, the cost of collection of rentals is often found to be greater than the actual rent collected. There has been considerable incidence of default too. This, coupled with the recurring expenses that the public agencies have and to undertake for the purpose of estate management, has severely jeopardised the financial position of the agencies concerned. Both the Housing Department and the CIT,

which created a substantial housing stock for the low income groups of people, have suffered from these shortcomings.

However, the recent experiences of the Housing Board and the CIT with respect to creation of new shelter stock for outright sale to the middle and high income groups of people particularly have been quite encouraging. In these cases, estate management functions vest with the beneficiaries themselves. Thus, while the public sector has been saved of the estate management functions and attendant expenses, on the one hand, sale of lease-hold rights has helped the agencies to recover costs smoothly, on the other. It is understood that since such projects have addressed to more of MIG and HIG beneficiaries, cost recovery has been easier. Further, construction of superstructure provides a better leeway for cross-subsidisation and price differentials.

In fact, whenever shelter projects have involved economically weaker section as a bulk of target group, the financial viability seemed to be in jeopardy, even if the shelters were meant for outright sale. This kind of project necessitates the application of cross-subsidisation, with upper-income groups having to pay premiums in order to subsidise the low-income groups of beneficiaries. The sites and services project of the CMDA has involved allocation of developed plots to the EWS and LIG groups of beneficiaries, who constitute the majority of total number of beneficiaries. A very recent project of the kind indicates that against the base price of Rs. 22,000 per cottah<sup>3</sup>, the EWS and LIG beneficiaries can be charged Rs. 10,000 and Rs. 18,000 per cottah respectively, given the respective limits of affordability. This leads to an average subsidy per unit of Rs. 5,274 and Rs. 3,169 for the EWS and LIG groups respectively. The total amount of subsidies works out to Rs. 64.07 lakh, with Rs. 29.53 lakh and Rs. 34.54 lakh for EWS and LIG groups respectively. The EWS and LIG beneficiaries together account for around 56 per cent of the total saleable residential area. The amount of subsidy is recouped through premiums charged to upper MIG, HIG, Group Housing, industrial and other groups of beneficiaries and under the project. It may be noted that the amount of subsidy has been calculated on the basis of designed affordability of the EWS and LIG groups of beneficiaries at 15 per cent of mean monthly income towards shelter. Two reservations may be raised with respect to the designed affordability. First, if the EWS and LIG beneficiaries are to build superstructure on the allotted sites, they would find the same extremely difficult because they will have used up their affordability in purchasing the sites. Secondly, one may wonder whether the designed affordability would be as much as 15 per cent in practice, particularly for the EWS. The 38th Round of National Sample Survey (January-December, 1983) revealed that house-rentals as percentage of monthly household expenditure did not exceed 5 per cent

<sup>3</sup>Approximately 720 sq. ft. or 66.75 sq. m.

for the EWS in the urban West Bengal, though the same is likely to be somewhat higher in the CMA. But given the fact that there is a limit to charging of premiums to the economically well-offs, often the public sector project authorities are not even able to break even, let alone the question of surplus generation. The prospect of cost recovery, howsoever justified the same may be and howsoever best way the recovery method may have been defined, becomes doubtful. It may well be imagined that if 42,600 shelter units, majority of which would be addressed to EWS and LIG, are to be added to the stock of shelter every year in the CMA, the required quantum of subsidies would run to an astronomical figure. As per the project report figures, referred to above, the total quantum of subsidy would be around Rs. 1,100 lakh per annum. This figure, however, is subject to upward revision as a consequence of inflationary price rise.

The CMA experience also reveals a couple of interesting phenomena. For instance, the elements of cost, that are aimed to recover, vary across the nature of projects. When the CIT has constructed a housing unit or developed certain small pieces of land in the already built-up city area with necessary infrastructures already in existence, it is only cost of construction of the housing unit or the on-site development cost of the land that are charged to beneficiaries. Again, when the CMDA constructs sites and services projects involving relatively large tracts of land the beneficiaries are charged not only the on-site development cost of either the land or building or both but also the off-site infrastructural costs. Here, by 'site' is meant the limits of an individual property; that is to say, the cost of access road to property is treated as an off-site infrastructural cost.

Another interesting phenomenon has been that in most of the cases the cost of construction of shelter has been relatively high consequent upon adoption of relatively high design standards drawn from the advanced western contexts. For example, for the purpose of sanitation, when sites and services project calls for construction of underground sewerage system, the cost of shelter goes up. Therefore, high cost of shelter construction, due to whatever reasons, puts an unnecessary strain on affordability of beneficiaries, particularly of those belonging to the economically weaker section. The state housing agencies yet seemed to be obsessed with the normative concept of a housing—its durability, privacy, security and comforts.

#### CONCLUSION

We seem to have landed in a situation where a majority of urban population belongs to the economically weaker section and who, the society feels, should be provided with improved shelter because their

living environment, coupled with poverty and crime, often offend the neighbourhood. It calls for not only public sector intervention but also looking at shelter as public goods involving provision of both the super structure, *viz.*, the housing unit and the rudimentary urban infra-structural facilities. By contrast, the situation is one of limited financial resources where there are competing demands for an unit of investment. Given the vast magnitude of the shelter problem in the third-world countries, on the one hand, and availability of limited resources, on the other, calls for replication of urban shelter programmes in quick succession. The CMA is no exception to these phenomena. Again, such replication would depend to a great extent on the efficacy of cost recovery from shelter investments, particularly when a shelter becomes an individualised goods once the same is delivered to a beneficiary. But the previous sections have revealed the poor prospect of cost recovery in urban shelter programmes in developing economies. In order to overcome this impasse, the following could be considered for designing an urban shelter programme in developing economies:

- (i) In our wisdom to address the weaker section of people, often we include in our delineation of the target group the poorest of the poor who lives in either unauthorised squatter settlement paying no rent or on pavements having had little regard for shelter. This has been particularly true in cases of sites and services projects which tend to allocate the total number of plots between different groups of beneficiaries in such a manner as to reflect therein the global distribution of people by different economic groups. This merely weakens the prospect of full cost recovery. Also, this leads to missing the target groups ultimately. For instance, poorer groups of beneficiaries, who are found to be having little regard for a socially acceptable shelter, are tempted to sell out their highly-subsidised shelter units to the better-offs at premiums. Looking from an individual standpoint, a shelter also does not add to affordability of beneficiaries. Apart from the questions of ability to pay or willingness to pay, there may be other extraneous factors which may prompt the very poor not to seek formal shelter. For example, a hand-cart puller in the Calcutta city would like to live on the hand cart he pulls during the day time to earn his living, in order to ensure security of his tools. A recent CMDA-survey of pavement dwellers in the city of Calcutta has shown that willingness to pay for a shelter constitutes between 5 per cent to 7 per cent of their monthly earnings, whereas the designed affordability for the economically weaker section in a public sector shelter programme is taken at around 15 per cent. Thus, the wisdom and efficacy of addressing these

poor groups of urban people are only subject to doubt. It is, therefore, suggested that instead of trying to address the squatter settlements and the pavement dwellers, who have neither ability nor willingness to pay for shelter or who are constrained by other extraneous factors not to go in for formal shelter under the conventional shelter programme, some innovative non-conventional approach be designed for them.

- (ii) Whether a housing unit or the associated infrastructural facilities, public sector programmes have often involved relatively high technical design standards leading to an enhancement of unit shelter cost. This tells upon affordability of the target beneficiaries, particularly of the low-income groups. It is suggested that not only the design standards be pruned as far as possible but also low-cost innovative technologies be adopted for shelter programmes. Also, the public sector should not go in for construction of super structure and should leave the same to the individual initiatives and designs, as this would not only reduce the extent of cost recovery but also enable individuals to satisfy their idiosyncrasies within respective means.
- (iii) One wonders as to why the cost of infrastructural facilities, as a part of shelter programme package, should be directly charged to beneficiaries, whereas similar investments outside the purview of shelter programme are not charged in the similar manner. In fact, major part of urban development investments on infrastructural facilities like water supply, sewerage, drainage and roads are met by capital grants and it is only the recurring operational expenses that are recovered through indirect methods of cost recovery like property taxes and other levies. It is the author's surmise that if only the super-structural cost of a shelter where the same is provided or only the on-site development cost of shelter is subjected to direct recovery, divergence between the affordability and the costs to be recovered would be greatly reduced and financial viability, including cost recovery of an urban shelter programme greatly improved.
- (iv) One of the critical inputs contributing to not only the shelter cost in urban area but also success of an urban shelter programme is land. Therefore, availability of urban land and judicious and economic use thereof are of utmost importance to render shelter costs affordable and recoverable.
- (v) Since the direct cost recovery method involving rental charges over a relatively long period of time does not seem to operate in a viable manner, it is suggested that the public sector shelters be offered for outright sale. The latter would, at the first instance, save the public sector of the responsibility and expenses on

account of estate management. The cost recovery method with respect to outright sale may be either full cost recovery at one shot or recovery of cost in periodic instalments spread over a relatively small span of time or a combination of the both. In cases of deferred payment, the amounts of instalment will include the interest accrued on outstanding capital at any point of time.

- (vi) All the above remarks hold good as far as cost recovery aspect in the context of shelter programme is concerned. It is author's contention that if a meaningful dent has to be made on the total shelter problem, comprehensive approach to shelter programme will be unavoidable. This approach should attempt to look at the aspects of availability of urban land, economic use of such land, availability of building materials at affordable prices and other legal and administrative facilitators that may be necessary. Needless to say, all round economic development *per se* is the most important and an essential prerequisite for solving the shelter problems in a socially desirable manner in developing economies. □

## *NCU, Housing Legislation and the Urban Poor*

KIRAN WADHVA

THERE ARE no two opinions regarding the view that we have a massive housing problem at our hands. The housing conditions of the poor are abysmal. Even the middle income groups cannot afford adequate housing at market prices. The government's efforts to influence the price of housing in the market through attempts to control some market variables have backfired. The failure of these measures have led to their re-examination. Two interventions which have attracted greatest attention of the government as well as the intelligentsia are the Rent Control Act (RCA) and the Urban Land Ceiling and Regulation Act (ULCRA). There is near unanimity of opinion regarding the failure of these Acts and the need to abolish them. The National Commission on Urbanisation (NCU) has singled out these two enactments for attention in their first interim report and come out with specific recommendations to reduce the 'negative' impact of these Acts on housing market<sup>1</sup>. An attempt has also been made to introduce reforms, within the framework of existing Acts, to improve the housing environment for the urban poor. The important question at this stage is as to how far these make housing available to the poor at reasonable rates. In this paper, we address ourselves to this question. The article is divided into three parts. In part I we review the background of Rent Control Act—the objectives with which it was enacted and its impact on the housing market. The specific recommendations made by NCU and their likely impact on housing conditions in general and on housing conditions of the poor in particular are examined critically. Part II attempts similar analysis in case of Urban Land Ceiling Act. Part III concludes the discussion.

### I

The major objective behind enactment of both RCA and ULCRA

<sup>1</sup>National Commission on Urbanisation, *Interim Report*, Government of India, Ministry of Urban Development, New Delhi, January 1987.

was to keep the price of housing under some control. This was attempted under RCA through direct price control of rental housing and under ULCRA through controlling the price of the major input of housing, viz., land. There was also certain intention of helping the poorer sections of population—this intention was more explicitly stated in the ULCRA. The Rent Control Act was not directly aimed at helping the poorer sections unless there was an implicit assumption that it is the poor who go for rental housing and the rich who live in their 'own' houses. This might well have been valid in the forties when the Acts were legislated in many urban areas of the country and might be valid even today. There is, however, no empirical evidence to substantiate or repudiate this assumption.

#### THE RENT CONTROL ACT: AN OVERVIEW

The Rent Control Act was a general measure enacted to keep the prices of rented housing in check. Other subsidiary objectives were to protect the tenant against arbitrary eviction by the landlord and to fix his (landlord's) responsibility for proper upkeep and maintenance of the house. Conceived as a short term measure, this piece of legislation has gone on to become a permanent feature of our housing market. At the time of enactment, it was assumed that, in the long term, as the housing supply situation improved, the need for RCA will disappear. The situation, however, never did improve enough and RCA has continued.

The effect of RCA has not been uniform over all of the housing market. RCA has in fact introduced distortions in the market by increasing the segmentation. In this respect, one can distinguish at least three broad types of rental housing markets:

- (i) Markets where levels of rents are low under the influence of RCA. In these markets, the low rents have led to deterioration in the quality of housing. Lack of maintenance and repair has brought the quality in line with the rents in the 'controlled' market.<sup>2</sup> This market is characterised mainly by old tenancies.
- (ii) The second type of market is the one where effectiveness of RCA is more apparent than real. The rents in this market are the 'fair' rents as fixed under RCA. These rentals, however, are

<sup>2</sup>See Vinod K. Tewari and T. Krishna Kumar, *Rent Control in India: Its Economic Effects and Implementation in Bangalore*, (mimeo) 1985. We, however, believe that the rents are still lower than the market rents. Most of these buildings would be in central locations and the locational value of these, despite the dilapidated conditions of the building will be very high.

supplemented by lumpsum payments (key money or 'pagdi'), equivalent to the capitalised value of difference between market and controlled rent. These payments are made by the tenant at the beginning of the tenancy making RCA ineffective in essence.

- (iii) The third type of market is the one where RCA does not have any impact on fixation of rents at the beginning of a new tenancy. No key money is charged and the rents fixed are the rents prevailing in the market at that time.

Thus, the primary objective of RCA to keep rentals below the market level has not been achieved. The rents in market (iii) in fact are quite high. So are the amounts of key money in market (ii).<sup>3</sup>

Another provision of RCA to protect the tenant against eviction has also boomeranged. In markets (ii) and (iii) the landlord has an upper hand only at the beginning of a tenancy. Once, however, the rents are fixed, it generally becomes very difficult to increase them till the current tenancy is terminated and a new tenant enters. Eviction of the tenant in any market is very difficult.<sup>4</sup> The longer the duration of the tenancy, stronger are the rights of the tenant. The landlord, therefore, has a vested interest in keeping the duration of tenancy as short as possible.<sup>5</sup> This increased the insecurity of tenants even more than would have been the case in the absence of RCA.

#### IMPACT ON SUPPLY

We have no statistical data to study the impact of RCA on supply of rental housing.<sup>6</sup> The only data available relates to the number of households living in rental housing. During the period 1961-71, the number of such households in urban India has increased by approximately 32 per cent. As a proportion of total urban households, however,

<sup>3</sup>"High Rents or Extortion", *Hindustan Times*, New Delhi, September 25, 1987.

<sup>4</sup>This gives rise to the practice of reverse 'pagadi'—incentive money paid to the tenant for vacating the premises.

<sup>5</sup>In many cities, the system of letting housing on lease under the Contract Act for a fixed period came into being. Preference was also shown to renting out to persons with transferable jobs or tenants owning a plot of land and intending to construct it within a short period.

<sup>6</sup>A few studies conducted on Rent Control Act have examined the impact on Investment in housing rather than on supply of rental housing. In this context, it was found that RCA did not have any negative impact on residential construction in the cities studied. See *Impact of Rent Control on Housing Construction in Calcutta*, National Building Organisation, Government of India, New Delhi, 1965; Abhijit Datta, *Rent Control and Housing in Delhi*, Indian Institute of Public Administration and National Building Organisation, Government of India, New Delhi, 1968 and P. Ramchandran and S. Devdas Pillai, *Rent Control and Housing Production in Bombay*, National Building Organisation, 1970.

they have shown a slight decline from 53.78 per cent in 1961 to 52.88 per cent (1971).<sup>7</sup> Despite the decline, a considerable number of households in urban areas specially in metropolitan areas continue to demand and be supplied rental housing. This percentage varied from 30.1 per cent (Lucknow) to 76.20 per cent (Calcutta) in 1981. The empirical evidence is inconclusive.

The question of impact of RCA on supply can better be examined at an analytical level. Below we attempt this in the framework of segmented rental housing market.

In markets where RCA is strictly adhered to [*viz.*, market (i)] the low relative rate of return from investment in rental housing would have a negative impact on supply of rental housing. The control of RCA, however, would make it very difficult for existing supply to decline through conversion to ownership status.<sup>8</sup> As pointed out above, under RCA, it is very difficult to terminate tenancies. There would be very few cases where landlords had succeeded in evicting tenants. These are not likely to rent out their houses unless they can shift to markets (ii) or (iii) where the rates of return are higher. Even in these markets the problem of evicting tenants would discourage people from investing in rental housing. The high (expected) rate of return, however, may offset some of the 'risk' attached to renting out.

We suspect that the major impact of RCA has not been on total supply of rental housing as much as to push this supply to grey or black markets. Further, insofar as it is easier for a smaller supplier to evade RCA than for a large scale operator,<sup>9</sup> the RCA would also have influenced the structure of the supply. The current preponderance of small scale supplier in the rental housing market may at least partially be due to RCA.

The above argument does not imply that there is no scarcity of rental housing in the market. There is. And rents are high too. It is only implied that the scarcity may not necessarily be due to RCA or RCA alone. Further, the high level of rents is also not due to shortage of rental housing alone. True, supply of rental housing is low. So is that of ownership housing. The rents are high. So are the prices of houses. The basic cause of both at least partly is the high cost of production of houses. The increase in supply of rental housing can reduce the

<sup>7</sup>The date for 1981 for the country as a whole has not been made available as yet.

<sup>8</sup>The supply may not decline in terms of number of units but would decline, over the long run, through deterioration in quality and decline in life expectancy of the house.

<sup>9</sup>The small scale supplier can hide the fact of tenancy, refuse to give rent receipts. In case of multiple tenancies not only is it difficult to disguise rental housing as ownership, the bargaining power of the landlord is relatively weaker too.

rents only to the extent these rents are high due to excessive profit margins.

Under the circumstances, it is a moot question whether abolition of RCA will increase the supply of rental housing and/or lead to a decline in the level of rents in the market. The abolition of RCA will probably induce some landlords on the margin to release some housing for rental purposes in the market in the short run. In the long run, it also might induce some investment in rental housing. Major impact of the abolition of RCA will, however, be shifting of rental housing from black to open market. If supply of rental housing is to increase significantly, the rents will have to be high (rather than low). Under the given cost conditions, it is not possible to achieve the twin objectives of ensuring a fair rate of return to the landlord and keeping the level of rent payable by the tenant at a 'reasonable' level. Given the level of income and the distribution of this income in our urban areas, rental housing in the formal sector, despite the abolition of Act, will remain out of reach for a majority of population in the country. The competitive position of the poor in the market is very weak. NCU probably recognised this. Its recommendations are biased in favour of this section of population.

#### NCU AND THE RENT CONTROL ACT

The recommendations made by NCU fall far short of the total abolition of RCA. NCU suggests only a partial decontrol of the market. A distinction is made between old and new tenancies as well as between high and low income tenancies. The cut-off point in this case is taken to be 80 square meter in consonance with the prescribed limit of the Urban Land (Ceiling and Regulation) Act. The NCU suggests a different policy for each submarket.

The only market which has been completely left out of the purview of the RCA is the new high income tenancy. All existing tenancies (both low as well as high income) continue to be protected. However, in case of both, escalations in rent to fully offset inflation (to the extent of 100 per cent) from January 1, 1987 are allowed. In case of high income tenancies even past inflation (1974 onwards) is permitted to be neutralised to the extent of 50 per cent. In case of low income properties past inflation is to be ignored.

Bias in favour of low income tenancies is extended even to new tenancies. Whereas new high income tenancies are to be completely out of the net of RCA, the low income tenancies will continue to be protected. The rent fixed, however, will be the market rent. In these tenancies (new, low-income) base rent will be taken as the first agreed rent between

the landlord and the tenant and the increments are to be permitted in accordance with increase in price level.

#### LIKELY IMPACT OF NCU'S RECOMMENDATIONS

The recommendations made by NCU in its Interim Report are a move towards freeing the rental housing market from government intervention. It is hoped that in due course of time, this will lead to an increased supply (and probably lower rents) in the market. The dual policy adopted towards different income groups, however, is going to create further segmentation and distortions in the market. The neglect of interdependence between different submarkets might lead to some unintended fall-outs. The halfhearted measures suggested by NCU are unlikely to have any significant impact on the market in terms of either higher supplies of rental housing or lower rents payable for these.

The proposed increases in levels of rent are expected to have a 'positive' impact on the market. The level of rent for existing tenancies, however, is going to continue to be lower than the market rents—more so in case of low income tenancies. This is for two reasons: (i) Increases in rents are to be linked with inflation and rents in the market in most cases have increased faster than the general price level in the country; the increased rents will fall far short of the market rent, and (ii) The permitted increases propose to neutralise only part of the past increases in price level. These 'increases' are hardly likely to change the situation much either in respect of improvement of relations between landlords and tenants or in terms of greater investment on maintenance and upkeep of the house or even in elimination of black market in rental housing.

The second intended objective of continued (though limited) protection to the poorer sections is going to backfire too. In case of existing tenancies, the continued low rents in face of increased rents in other submarkets may lead to shift of some units, from white to black market or out of rental market altogether. In case of new tenancies, the discrimination in favour of low income properties may turn out to be both misconceived as well as myopic. Capital may be diverted away from this submarket to decontrolled higher income tenancies.

Another advantage of removal of RCA is propagated to be an augmentation of revenues from property tax. Abolition of RCA, whereas removing a major bottleneck in valuation of properties at their market rate, by itself will not ensure either an increased property valuation or an increase in revenue. To the extent that the owners would want to continue to save on their tax bill, they will not only do so by under-invoicing the rents but also by claiming the status of an owner occupied

house for their property.<sup>10</sup> The removal of RCA is not going to demolish the whole system of corrupt practices. Till such practices exist, the chances of tax-base reflecting the actual or market property values are rather bleak. If the receipts from property tax are to be appropriately increased, abolition of RCA will have to be supplemented by other measures like periodic surveys for rental values by trained valuers, compulsory acquisition of undervalued properties at their declared value, etc.

Augmentation of property tax revenue, however, is not the primary objective of RCA. It is doubtful whether the modifications in RCA suggested by NCU will help to achieve the primary objective, *viz.*, reduction in rent and proper upkeep of houses. The only significant increase in supply of 'formal-legal' rental housing may come in the high-income segment. This increase too may not lead to any sizeable reduction in rents till cost of production of housing can be lowered.

## II

### URBAN LAND CEILING ACT: OBJECTIVES AND OUTCOME

ULCRA had three major objectives: (i) redistribution of land; (ii) prevention of speculation in land; and (iii) regulation of construction on vacant land.<sup>11</sup> The objective of controlling price of land was not explicitly mentioned but would be a natural consequence if the stated objectives were achieved. Redistribution of land was to be achieved through acquisition of (declared) surplus land from the holders at predetermined prices and making it available to the public sector agencies. These agencies were to use this land for providing housing to the poor. Speculation in land was to be curbed by banning the transactions in all plots of land measuring more than a specified area. This area ranged from 500 to 2,000 square meters depending upon the category of the city. Exemptions from the 'ban' were given under sections 20, 21 and 22 of ULCRA. Exemptions under sections 21 were given to owners of land provided the land was used for housing the weaker sections of society.<sup>12</sup> The price of such housing was fixed by the Competent Authority. The provisions of the Act had implications in terms of regulation of construction of buildings by restricting the maximum plot size. This size

<sup>10</sup>The rate of property tax for owner-occupied property is lower in most municipalities.

<sup>11</sup>*Urban Land (Ceiling and Regulation) Act, 1976*, Government of India, Ministry of Law, Justice and Company Affairs, 1976.

<sup>12</sup>Sections 20 and 22 related to exemptions provided either in public interest, in hardship cases and in cases where the land has become vacant due to demolition of a building. There was no restriction on use of this exempt land for any specific purpose.

was 500/1000/1500/2000 sq. meter in the free market and 80 sq. meters for building on land exempted under Section 21.

#### ULCRA: IMPACT ON SUPPLY AND PRICE OF LAND

ULCRA has failed to achieve any of the objectives set down in the preamble of this Act. Major indicator of this failure is seen in the accelerated rate of growth of prices of urban land. Main reason for this outcome is stated to be the frozen supply of land under the impact of the Act. The estimated excess vacant land (166192 hectares) is taken as the supply frozen under the Act. Of this, 43846 hectares was released through exemptions under sections 20, 21 and 22 and 621 hectares used by the government for housing construction.<sup>13</sup> Thus, a mere 26.76 per cent of the frozen land was put back into the supply stream.

In the above argument, it is assumed as if all the estimated excess vacant land, in the absence of Act, would have made part of the total supply of urban land. The jurisdiction of ULCRA incorporates the urban area and extends to five kilometers beyond the city periphery. Most of the vacant land in excess of prescribed limit would lie in areas beyond the periphery. It is arguable as to how much of the supply which was initially taken out of the market would have made part of the supply of urban land and also how much of this supply 'reentered' the market through back door. Further, not all landholders of large plots declared the excess land. In fact, just as in the case of RCA, the major impact of ULCRA has been on enlarging the illegal segment of the market. The impact on total supply of land probably was not very high if one were to include the unauthorised or illegal supply of land in the total supply of land available in the market. Again, by the same token, if the price of this illegal land is taken into account, the average price of land in the market probably did not increase as much as is made out to be. There is, however, no contesting the fact that the supply of land in the formal market did decline and its price did rise. The price of land in the informal market also increased in sympathy. The point of argument, however, should not be whether land prices increased at rates higher than earlier but whether they stabilised or declined. This definitely did not happen in the post-ULCRA period.

#### ULCRA AND SUPPLY OF HOUSING FOR URBAN POOR

As pointed out earlier, ULCRA was primarily directed towards the benefit of the poorer sections of population. It was believed that Housing Boards and similar other agencies with access to cheaper land (made

<sup>13</sup>National Commission on Urbanisation, *op. cit.*, pp. 22-23.

possible by ULCRA) will make houses available to the people especially Economically Weaker Sections (EWS) at reasonable rates. So would private (land) owners who would obtain exemptions under section 21. Even after 11 years of the operations of ULCRA, a mere 621 hectares was used by the government for housing construction (a mere 0.37 per cent of estimated excess vacant land). It is not known as to which groups benefited from this housing activity. In terms of priorities set by various state governments for acquired lands, housing for weaker sections was seldom at the top. As to private sector's contribution in this regard, a greater part of land was exempted under Section 20<sup>14</sup> which had no stipulation for building for EWS. Even under section 21, when the houses were built ostensibly for EWS on a plinth area of 80 sq. meter, it was discovered that no EWS could afford to buy those houses at the going market price. The stipulation of ceiling on cost of houses was broken with impunity.

Thus, ULCRA did not make any difference to the housing situation of the very poor. The poor were squatting illegally on urban lands prior to the enactment of ULCRA and they continued to do so. The only difference is that earlier they were squatting on lands (say) worth Rs. 200 per sq. meter and now they squat on the same lands which have increased in value to say Rs. 2,000 per square meter. The groups which have really been affected are the low middle income groups—who either had to drop out of the legal formal market altogether or had to reduce their demand for housing space substantially.

#### RECOMMENDATION BY NCU ON ULCRA

Under ULCRA government was assigned the job of acquiring and utilising land itself as well as channelising its desired utilisation by the private sector. Recognising the government's failure in accomplishing this task, the NCU have proposed to allocated this task to the private sector. In doing so, however, a major shift in the objective function—from redistribution of land to utilisation of land—seems to have taken place. As much is stated in the Report: "What becomes important in this context is the proper utilisation of land rather than the mere fact of ownership and title".<sup>15</sup> The second objective, as in case of ULCRA, (1976) is to provide housing to the poorer sections.

The objective of greater utilisation of land is sought to be fulfilled through a 'carrot and stick' policy. The owners of excess vacant land are to be permitted 'with a minimum of formality' to build housing units of less than or equal to 80 sq. meter of plinth area. If they themselves are unable to do so they are to be permitted to transfer the land.

<sup>14</sup>See NCU, *op. cit.*, pp. 55-57.

<sup>15</sup>*Ibid.*, p. 25.

If land is not developed within five years of the 'prescribed' date, it (land) is to be acquired by the government. Till 50 per cent of construction (as per permitted Floor Space Index) is completed the owner is to pay a cess on land. Unlike the case in the Act of 1976, no price for transfer of land to cooperative society has been mentioned. Nor is there any indication that there should be some control over the transfer price. (The word used in NCU report is transfer not sale). Nor is any ceiling prescribed for the cost or price of housing society.<sup>16</sup> However, a ceiling of 80 sq. meter for plinth area and of 100 sq. meter for plot area has been recommended.

The second major recommendation made by NCU relates to the creation of a Shelter Fund. Since financial constraint is put forward as a major cause blocking the housing programme for the poor, it is assumed that the creation of a shelter fund will go a long way in solving the housing problems of the urban poor. Contribution to shelter fund is to come from cess and penalties imposed on the owner.

#### NCU'S RECOMMENDATION: A CRITIQUE

The recommendations made by NCU for reforming ULCRA can be criticised on three grounds: (i) the recommendations *per se* are vague (unclear); they are conceptually weak and lack intrinsic consistency; (ii) the modified proposals are operationally weak and like the ULCRA have failed to take account of the loopholes which the landowners can exploit; and also of the inefficiency and incapability of the bureaucratic system to operationalise these proposals. As such the likely impact of the recommendations is going to be far from the one intended by NCU; and (iii) even if the proposals could be successfully operationalised, the likely impact on the housing market is going to be quite 'negative'. In the following paragraphs, we discuss these issues in some detail.

The conceptual weakness and intrinsic inconsistency of the proposals is seen in two major recommendations made by NCU, *viz.*, utilisation of land and creation of a shelter fund. Firstly, the objective of utilisation of land conflicts with that of creation of a shelter fund. Attainment of the first objective will work against that of the second. In estimating the figure of Rs. 600 crore per annum for shelter fund, the NCU has neglected to take account of the factor of utilisation of land by which action the landowner absolves himself of the liability of paying any cess. If all the owners were to utilise land according to the stipulation in the 'modified ULCRA' the receipts from shelter fund will fall to zero or will progressively decline as more and more land is utilised. Secondly,

<sup>16</sup>It is probably recognised that such a stipulation will merely give rise to a black market than be strictly adhered to.

even if no land is utilised, the Shelter Fund cannot last beyond five years at which date, according to recommendation by NCU, the government is to acquire all land.

Under the modified Act, Shelter Fund is the only proposal which has implications for providing housing to the urban poor. The uncertainty, volatility and short term nature of this fund robs it of the dominant status in the scheme for providing housing to the poor which NCU had envisaged for it. One cannot base any programme for housing the poor on a fund whose receipts are a function of the private decision of millions of owners of surplus land all over the country.

#### OPERATIONAL WEAKNESSES AND LIKELY IMPACT

The way the recommendations have been formulated, it is going to be very difficult to operationalise the Act. We start with the first recommendation made by NCU (similar to the one made in ULCRA), viz., identification of excess land. In the eleven years of operation of ULCRA, the respective competent authorities could not identify the exact amount of all vacant land in the prescribed urban areas. They are not going to be able to do so now. Further, it has been amply proved from experience with ULCRA, as to how pious objectives can be circumvented. The recommendation that the owners be permitted to build houses on 80 sq. meter or transfer the land to cooperative society "which may either develop group housing or make land available to its members" can be very easily misused by the landowner or the developer. A Cooperative Society comprising of fictitious members can be set up and land subdivided. The proviso under the Cooperative Society's constitution that the house on the plot is to be constructed within a given period has been in past not been universally implemented in the past and will probably continue to be so even in future. Again there is the recommended clause for payment of cess by the landowner till 50 per cent of FSI has been achieved and acquisition of land if it is not developed within five years. Depending upon the market conditions, the landowner may build up to 50 per cent of FSI and leave it at that stage—thus neither developing property fully nor paying any cess. In fact this provision may introduce some more corrupt practices in the system for provision of fictitious 'papers' certifying development of a property where none (or less than 50 per cent of FSI) has taken place. As for acquisition of land, the landowner can reasonably have faith in the administrative inefficiency and financial incapacity of the government, not to take this proposal seriously. Even if a notification is served, the landowner can take the government to court and on some pretext or other stall or stop the acquisition of land.

The most ill-conceived is the recommendation regarding penalty. In

principle, the penalty for violation of prescribed use or plinth area should be paid by the person responsible for this violation. In operational terms, however, this will be paid by the person currently occupying land/house. The original landowner or builder (who was responsible for this violation) would go scot free.

Another lacunae in the proposed modifications relate to the utilisation of land and consequent increase in supply of housing. In fact, even if all the land is developed, it need not imply an increase in supply in the market. The proviso relates to developing of land and not to the sale of the house constructed thereon. The owner may continue to hold on to the developed property for sale in future. Speculation in land would have given way to speculation in houses—though the quantum will be much less since the opportunity cost of holding a house is much higher than is the case for land.

Another objective of NCU which is likely to go haywire, in operational terms is that of making larger supply of housing available to the poor. We have already discussed the uncertainties related to the Shelter Fund. The restriction on the size of plinth area (80 sq. meter) is based on the assumption that houses of 80 sq. meter will cater to the demand of lower income groups. At the current market prices, no poor person can afford a house on a plinth area of 80 sq. meter. And it is hardly likely that the landowner will go for smaller-sized houses when the demand and profits are higher for larger sized houses.

#### UTILISATION OF LAND: A HALF BAKED PROPOSAL

The NCU seem to have drafted the proposal relating to modifications of ULCRA in a hurry and have failed to pay due attention to the 'planning' and other implications of these proposals. Thus, the proposal relating to utilisation of land, if successfully operationalised is likely to create unintended distortions in the market. In fact, one could find fault with the very objective itself. NCU recommend utilisation of all excess vacant land within five years. A large proportion of such lands currently in agricultural use. One is not clear whether definition of utilisation covers in its scope agricultural utilisation of land. In either case, however, it would seem to be a losing proposition. Exclusion of agricultural use from the definition of utilisation would be unfair and its inclusion self-defeating. If agricultural use is not recognised, it would cause undue hardship to the genuine farmer and if it is, it will provide an instrument in the hands of speculator to circumvent the law. The speculator can continue to hold land in 'benami' deals and avoid paying any cess by putting land in 'agricultural' use. Even if land lies unused, a certificate of its utilisation in agricultural use can easily be obtained from the 'patwari' in return for some consideration.

In fact, at each stage, the scope for circumventing the law through bribing is very high. The NCU do not seem to have learnt any lesson from the working of ULCRA which launched a new era of corruption in revenue departments of the state governments.

Implications of excluding agricultural utilisation of land from definition of utilisation of land are far more serious. These relate to the resulting land use pattern and other distortions introduced in the market by forced development of land in urban use. If the proposal is strictly applied and adhered to, the only vacant plots in the city area and within the five kms. of city periphery would be depending upon the 'category' of city, plots of 500/1000/1500/2000 sq. mts. The landscape, especially in the peripheral areas were on the 'prescribed' date there is not enough development, will be dotted with housing on plinth area of 80 sq.mts. interspersed with plots of 500/1000/1500/2000 sq. mts. Most of such plots might be unbuilt since the utilisation of other plots would already have created a situation of excess supply in the market<sup>17</sup>. This, and it is not incidental, is going to be another fallout of the forced utilisation of all land in the ceiling area<sup>18</sup>. The proviso of full utilisation of land within five years is not based on any calculation of expected demand for housing nor on the type of housing expected to be demanded in the next five years in each city area. A mismatch between demand and supply in the total market as well as in various sub-markets can create serious problems. In fact, a situation of excess supply can be quite as 'bad' as one of excess demand.

Full utilisation of lands would also leave no large sized plots in cities thus limiting the flexibility of future planning substantially.

The proposal made by NCU to reform the Urban Land Ceiling Act are static, short-sighted, ill-conceived and based on an inadequate understanding of the urban land market. If implemented, these will land our urban areas in a greater mess than even ULCRA.

#### CONCLUDING REMARKS

The RCA and ULCRA have largely been ineffective in achieving the objectives they have had been mooted for. Both of them had been

<sup>17</sup>The demand for such plots would be from higher income groups and thus may remain unaffected by the excess supply in land markets catering to lower income groups. The value of such plots, however, will be affected by the proximity to such land markets.

<sup>18</sup>In Ahmedabad, despite ULCRA the builders have managed to create enough supply of land within the ceiling limits as to lead to a situation of excess supply. (See Kiran Wadhva, "Private Sector and Urban Housing Markets: A Case Study of Ahmedabad", *Nagarlok*, Vol. XVIII, No. 3, July-September 1986, pp. 61-83). If all the land lying in the ceiling area are to be developed, the real estate market might collapse completely.

directed, in one way or another, at making housing available at reasonable prices in the market. The ULCRA had a definite orientation towards helping the poor. The major reason for the failure of the Acts can be ascribed to their attacking the symptoms rather than the basic cause of the problem. The suggested modifications even though seemingly aimed at the causes, have still not been able to identify the root cause of the problem. In case of both RCA and ULCRA, the high price of housing has been attributed to low level of supply of housing—which is true but only partially. Both sets of modifications then are directed towards increasing the supply of housing—in RCA through relaxation of the Act and in ULCRA through forcing development. The modifications suggested by NCU in both cases are ostensibly motivated by the objective of making cheaper housing available to the poor. As discussed above, their chances of succeeding in this endeavour are rather slim. This is for two reasons: (i) the expected decline in prices of houses may not materialise; and (ii) even if this happens the decline will not be enough to make housing in the formal market accessible to the poor.<sup>19</sup> The modified RCA and ULCRA have attempted to solve the problem from the supply side. The problem is on the demand side also—lack of effective demand for housing by a large segment of population. We realise that RCA and ULCRA by themselves are not even supposed to fully solve the housing problem. We contend that these Acts may not even succeed in achieving the limited objectives they had set out for themselves.

While envisaging any reform in RCA and ULCRA, we must remember that these were imposed in a particular market situation. The current market situation is very different partly due to the distortions created by the Acts. Rents and price levels—despite RCA and ULCRA—are much higher than before in real terms. The suppliers have gotten used to these and consumers have more or less adjusted to these. The prices in the market due to various reasons may be downwardly rigid even when RCA and ULCRA are removed. If the objective of the suggested reforms is to increase supplies and reduce price or make housing available to the poorer sections of population, one has to look at the urban land market afresh, analyse its characteristics and formulate appropriate policies. Urban Land Market is a dynamic market and a dynamic policy is required to tackle this—not a static Act like RCA or a ‘once for all’ Act like ULCRA. □

<sup>19</sup>This, as explained above, is due to high cost of production of houses.

# *Rent Control Liberalisation in India*

ABHIJIT DATTA

IN INDIA the earliest legislation on rent control was introduced in Bombay as early as 1918, three years after the first British legislation on the same subject. However, its spread to the other cities took place as an aftermath of the World War II under the Defence of India Rules. During the post-World War II almost all the urban areas of the country were covered by rent control under relevant provincial legislations. If 1939 is taken as the starting point of the operation of rent control in India, then it is safe to say that during the last fifty years or so there has not been any official evaluation of rent control in India at the national level. The Economic Administration Reforms Commission (1982), popularly known as the Jha Commission, is the first official committee appointed by the Indian Government to study the operation of rent control in India.<sup>1</sup>

In the present paper we shall recount the problems created by rent control, followed by the reforms suggested by the Jha Commission. These suggestions will then be examined in the light of subsequent thinking on the subject by the Correa Commission.<sup>2</sup> A concluding section will summarise the thrust of the paper.

## IDENTIFICATION OF PROBLEMS

The problems of rent control, as identified by the Jha Commission are as follows:

- (i) reduction of investment in rental housing;
- (ii) accelerated deterioration of the housing stock;
- (iii) decrease in municipal rental valuation;
- (iv) withdrawal of vacant premises from the rental market;

<sup>1</sup>India, Ministry of Urban Development, *Rent Control: Report of a Study by Economic Administration Reforms Commission* (headed by Shri L.K. Jha), New Delhi, September 1982.

<sup>2</sup>India, Ministry of Urban Development, *National Commission on Urbanisation: Interim Report*, New Delhi, January 1987.

- (v) encouraging malpractices and abuses, including laundering of black money;
- (vi) being horizontally inequitous by protecting the haves against the havenots; and
- (vii) impose onerous burdens on the administration and the judiciary.

In addition, one could also list three other problems, as identified by the Correa Commission, such as:

- (viii) inefficient and sub-optimal land-use;
- (ix) reduction of mobility of households; and
- (x) reduction of liquidity of housing assets.

It may be pointed out, however, that all these alleged ill-effects of rent control may not be present everywhere; much would depend on the provisions of specific state legislations, such as the rent holiday period, envisaged rate of return on capital, volume of housing activity, the rate of growth of an urban area, and so on. Nevertheless, it is fair to assume that given a regime of rent control, the above-mentioned adverse consequences will follow, to a greater or lesser extent, depending on the circumstances within which an urban area is placed. The identification of the problems arising out of rent control will have to be substantive from the angle of its reform, rather than comprehensive where its total abolition is advocated. The Jha Commission, as also the later Correa Commission, accepted the need to keep rent control in the statute books, but advocated its relaxation such that the most onerous ill-effects of such a public policy measure could be done away with. We now turn to an examination of the suggested reforms of rent control made by the Jha Commission.

#### SUGGESTED REFORM

The Jha Commission recommendations on the reform of rent control may be grouped under five headings: (i) reduction in coverage, (ii) determination of fair rent, (iii) periodical revision of rent, (iv) occupancy rights, and (v) settlement of disputes. These aspects are elaborated below.

##### *Reduction in Coverage*

Three categories of accommodation are suggested for exclusion of rent control:

- (a) for non-residential use;
- (b) owned by government, municipal bodies (including cantonments),

- or hired by the government for official or residential use; and
- (c) for specified residential use by foreigners/diplomats, commercial establishments, employers, luxury use (fetching monthly rental above Rs. 1,000).

The suggested time period for such withdrawal of rent control is to be reasonably long, say one year.

As for new construction, a five-year rent control holiday has been suggested.

### *Determination of Fair Rent*

On the question of determination of fair rent, the Jha Commission preferred an existing or comparable rent as a reference point for: (a) new construction, (b) existing tenancies, (c) renting of owner-occupied premises, and (d) other exceptional cases.

### *Periodical Revision of Rent*

Rent revision is to be permitted once in five years with a 50 per cent neutralisation of inflation on the basis of the urban non-manual employees' consumer price index (CPI) in the following manner:

- (a) new tenancies where rents were fixed in the first year of the rent control holiday—50 per cent neutralisation; and
- (b) Old tenancies—the rent to be updated by 50 per cent neutralisation of inflation from the date of initial determination of rent up to the present; the actual increase will be staggered over a period of five years.

### *Occupancy Rights*

The occupancy rights are to be distinguished as between the existing and future tenancies as follows:

- (a) existing tenancies—law should enable the owner to regain possession of his property for his own use after giving 6 month's notice to the tenant, and
- (b) future tenancies—these are to be governed by the lease on which the accommodation is hired; in the absence of lease, law should provide for a notice (of say, 6 months) of termination of tenancy (tenancies outside the purview of rent control would also need such notice).

### *Settlements of Disputes*

Rent control matters are to be entrusted for settlement of disputes to a one-man administrative tribunal, called the Rent Control Tribunal

(RCT), for any distinct area. These are ordinarily to be manned by revenue officers; where the volume of cases is large, the presiding officer should be a retired district (or sub-district) judge or the collector (or the district revenue officer).

The RCT should adopt a summary procedure. It should also have the powers of execution and, for this purpose, be provided with a small contingent of bailiffs. The decisions of the RCT should be subject to one appeal, on questions of law, to a special court headed by an officer of the rank of a district judge.

Due to the special problems in the cantonments, subjected to state legislations on rent control, there is a need for a central legislation on rent control in these areas.

Apart from these specific proposals to reform rent control legislations, the Jha Commission suggested a series of measures to promote both public and private housing in the urban areas. However, these suggestions are in the nature of *obiter dicta* and not quite relevant to a discussion of relaxation of rent control *per se*.

#### AN EVALUATION

A comparison between the Jha Commission and the Correa Commission recommendations would show that the reform measures suggested by the former call for a larger measure of liberalisation of rent control. For instance, the Correa Commission recommends rent control measures should be devised in respect of the existing and new tenancies in the following manner:

Categories	Existing Tenancies		New Tenancies
	Increase 1974-86	1987 Onwards	1987 Onwards
(i) Non-residential	100% CPI	as per CPI	agreed rent
(ii) Residential of 80 sq. m. and more	50% CPI	as per CPI	agreed rent
(iii) Residential of Less than 80 sq. m.	—	as per CPI	first agreed rent plus as per CPI

The striking feature of the Correa Commission is its simplicity in respect of both the coverage of rent control and the revision of rent. However, on the question of security of tenure, the Jha Commission makes a departure from the existing situation whereby the genuine needs of the landlords for existing tenancies and contractual arrange-

ments for future tenancies have been provided for. The Correa Commission, on the other hand, is completely silent on the issue with the result that one of the most important factors inhibiting the rental market would continue. This is in sharp contrast to the Correa Commission's objective of strengthening the rental market.

Regarding the institutional arrangements for settlement of disputes the Correa Commission follows the Jha Commission suggestions. However, the Correa Commission also provides for compulsory registration of rentals with the local authorities for their own valuation of rateable values as also for the general public on payment of fees.

By and large, therefore, the approaches of both the Commissions are similar except on the question of security of tenure. Here the Jha Commission stands on a stronger ground as the objectives for liberalisation of rent control cannot be achieved only on the rental front without also making relaxations on the question of resumption of occupancy rights of the landlords. The Correa Commission would have been consistent in its recommendations if the *status quo* on the tenant's occupancy rights was limited to residential accommodation up to 80 sq. mt. while relaxing these on the pattern of the Jha Commission for other types of accommodation, *i.e.*, for residential accommodation of more than 80 sq. mt. and for all non-residential accommodation.

### CONCLUSION

The foregoing account provides a gist of the Jha Commission's approach to the problems of rent control in urban India. Subsequent thinking on the subject by the Correa Commission has not been an improvement, since the aspect of occupancy rights of the landlords over their own premises have been left out. Any reform of rent control, to be effective, must take into account both the rent and the occupancy aspects of the tenancy as the sum total of reform measures on both these fronts would constitute relaxation of rent control regime. Without such a two-pronged approach it is unlikely that the ill-effects of rent control, as identified by both the Jha and Correa Commissions, would ever be remedied. □

## *Rent Control and Urban Housing*

SURENDRA NATH

**R**ENT CONTROL Laws came to India in the wake of World War I—first in Bombay<sup>1</sup> in 1918 and then in Calcutta<sup>2</sup> in 1920. The first rent control measure in Delhi was an order issued under rule 8 of the Defence of India Rules.<sup>3</sup> Gradually, similar laws were passed by the provincial and state legislatures. These laws restrict revision of rents which were in force in 1940's and they prescribe norms for the rent which can be charged for residential as well as commercial accommodation in urban areas. Though the law varies from state to state, generally the realisable annual rents known as the 'Standard Rent' or 'Fair Rent' are limited to 7 or 8 per cent of the aggregate of the cost of construction and the price of land at the time of construction. These laws protect tenancies and in actual practice, it is almost impossible for an owner to recover possession of his house even for his own bonafide use. It is obvious that while the commercial cost of borrowing money is about 20 per cent, one can realise only about 7 to 8 per cent return on his investment in housing, and as the law does not permit revision of rents to neutralise the inflation and to provide for growing cost of maintenance of houses, the real value of the rent gets seriously eroded in course of time so much so that in 1952, 3,000 houses were reported to have been offered to the Glasgow City Corporation in the UK by the owners who could not afford to maintain them, and significantly the Corporation refused 2,000 of them. Other owners went bankrupt or their heirs refused to accept inheritance or chose vagrants to accept their houses in gift.<sup>4</sup>

One of the main economic effects of rent control is that it has rendered investment in housing uneconomic as compared to other forms of investment. This has shut out almost completely all private commercial investment in housing—specially the rental housing. This has had the

<sup>1</sup>Bombay Rent (War Restrictions) Act, 1918.

<sup>2</sup>Calcutta Rent Act, 1920.

<sup>3</sup>Delhi House Rent Control Order, 1939.

<sup>4</sup>Norman Macrae, *To Let*, 1960.

inevitable effect of shifting the entire burden of low and middle income housing on the government and its housing agencies like the Housing Boards and Development Authorities. It is only the rich who can still afford to make houses for themselves because they are in a position to incur the amount of capital investment needed for a house. The shortage of low and middle income houses in Indian cities is thus, to an extent, policy contrived. Such an obvious consequence of restricting rents could hardly be called an unintended effect of policy.

At the beginning of the Seventh Five Year Plan there was shortage of 24.7 million housing units in India out of which 5.9 million was the shortage in the urban areas. Housing backlog has been increasing at a compound rate of 4.9 per cent. Hire-purchase has been a time tested method of easily and quickly coping up with a large demand. 1950's witnessed a large demand for home equipment like TVs., Refrigerators, washing machines and cars, etc., being met in Europe by the system of hire-purchase which involves immediate delivery of goods against payment in instalment as hire charges. The hire charges have to be sufficient to meet the principal cost and interest over a period of time. Rent control prevents the application of this revolutionary system to housing by restricting house rents to levels which are lower than the bare minimum needed for repaying the capital cost of the house and the interest on it. Rent control ensured that private enterprise did not come forward for providing modern and decent houses to the working classes on hire-purchase. Housing for the working classes thus remained the exclusive responsibility of government agencies only. Imagine what would have happened if provision of amenities like the TV, Fridge and Cars, etc., had remained exclusively the responsibility of the state and private enterprises had been completely shutout from these fields by an express policy. Needless to say that we would have had shortages and the costs of these equipments would have skyrocketed. The scenario of shortage and prohibitive costs in the housing sector should therefore present no surprise to anyone who cared to analyse the policy.

By perpetuating an inherited war-time system of controls we have managed to thwart both the revolution of rising expectations and the forces that a free market would have released to satisfy those expectations. Minimum standards that we regard reasonable for housing are undergoing change. We may soon start to regard as slums houses that we regard quite livable now. In a few years time, the minority of rent controlled houses which are in good repair and the majority which have deteriorated badly might be adjudged obsolete and unlivable. In industry and elsewhere government's financial policies penalise obsolescence and provide modernization through accelerated depreciation allowance and investment allowance. We pay subsidies to those who scrap old machinery. But in the equally important field of housing we

have not yet begun to think along these lines and we are actually impeding modernisation and renewal by continuing rent control. This amounts to creating chaos by planning. The question is whether we are going to liberate market forces so that this gigantic task of rebuilding India is carried out competitively imaginatively and efficiently or whether we shall continue to cramp it by controls.

The policy of rent control induces the protected tenants to sit tight over their accommodation even if the accommodation is in excess of their bonafied requirements. This is because the rent they pay is lower than the market rent. This blocks scarce accommodation and makes things difficult for those who do not have house and happen to be looking for one. The situation is worsened because not many working class dwelling are being constructed for being let out because of the fear of rent control. Rent control clogs repair and maintenance of old housing stock because the rent being paid is not sufficient for maintenance. These buildings are either demolished because of being unsafe or they fall down thus liberating their owners from the clutches of rent control. The deterioration of the rent control property, besides adding to the already acute shortage of houses, costs the country like the proverbial nine stitches for every one stitch that would have sufficed if made in proper time.

Rent control is responsible for the deserted and deteriorated inner rings of most of our cities. City centres which enjoy the best infrastructure of roads, transport, other urban services and markets have some of the poorest and most deteriorated housing stock. These areas which should have had skyscrapers and modern flats are full of rolling old housing stock, devoid of modern facilities. For one thing, most of the old houses do not have garages which have now become a necessity. This is wastage of prime space and excellent infrastructure and facilities. Most of these buildings have statutory tenants protected by rent control and there are all sorts of legal difficulties in knocking down these buildings before the start of economic redevelopment schemes. Most of the people living in these areas have been living there for a long period and are mostly old or people who have retired from work. New housing in big cities is taking place on urban fringes. This is putting huge strain on public transport systems. People who come to work in city centres and inner rings of cities spend considerable part of their time in coming to their places of work while retired folk, who is in their age should be living in the suburbia or the country or by the sea or are sitting tight in their rent controlled premises wasteful of built space. As some members of their household die or grown up children move away, the remaining members of their household do not move into smaller accommodation—secure in their rent controlled tenancies.

Occupants of the rent controlled accommodation are also not too

happy. They are living a miserable existence in these premises which are in varying stages of decay and which do not provide accommodation suited to modern living. The gap between the rents they are paying and their present economic rent in the market is probably much smaller today than it was.

A large number of house owners in cities do not let out their houses because of the fear of rent control even if they have to keep their houses vacant. This is because our rent control laws protect the tenants to the point of virtually depriving the owner of his right to sell or transfer the property or put it to his own bonafide use. This further adds to the crisis of acute shortage of housing stock. It is estimated that 20 per cent of the newly built houses in Greater Kailash, 10 per cent in Defence Colony and 15 per cent in Hauz Khas and Green Park areas in Delhi are being kept vacant by the owners for fear of rent control.<sup>5</sup> House construction on a developed plots is deferred by the owners for similar reasons till such time as they require the house for their own use.

Rent control has spoiled landlord-tenant relationships. This is evidenced by the large number of landlord-tenant disputes which have flooded judicial courts and rent control authorities in the country. This onerous burden on the judiciary and the administration is avoidable. The system of rent control may not have delivered the goods which it was intended to, but it certainly has led to a lot of malpractices like 'on money' commonly known as the 'pugree', capital consideration in black money for tenancy transfers popularly known as the 'key money' which is retained by the tenant, partial rent receipts and misuse by subletting or by putting housing accommodation to commercial use.

It is well known that rent control has negative effect on municipal property tax revenues because the taxation base for property taxes is the 'standard' or 'fair' rent which is much less than the market rent. It was estimated that in 1973 Bombay Municipal Corporation lost 18.45 crore of its property-tax revenue because of the rent control law.<sup>6</sup> Property tax revenue is a major municipal revenue resource and the freezing of this resource along with the rent is causing extreme hardships to municipal governments all over in the wake of rising costs of urban infrastructure, like roads and drainage, etc., its maintenance and the provision of municipal and urban services like water supply, sewerage, lighting and scavenging. The constraint imposed on rental incomes has adverse effects on central and state government revenues also.

<sup>5</sup>Rent Control and Housing in Delhi, NBO, 1968.

<sup>6</sup>N.D. Rajadhyaksha, *A Study of the Adverse Effects of Rent Control on the Assessment of Properties in Bombay*, All India Institute of Local Self-Government, Bombay, 1978.

During the World Wars I and II, several controls were introduced on prices, commodities and rents, etc. After the wars, most of these controls were lifted. But the rent control has stayed on. Rent control was introduced in India as a war-time restriction. It was not contemplated as an instrument of urban development or the development of housing. In this United Nations Year of Shelter, it is time to pause and think whether rent control is logical in the context of the needs of a development economy and whether it is helping us in the gigantic task of securing affordable shelter for our urban homeless and also to see who, if anyone, is benefiting by its continuance. □

## *Development Control Rules, Building Bye-laws and Planning Standards for Shelter Programmes*

V. SURESH

ORGANISED GROWTH of cities and towns in a planned manner brings in master plans, regulatory planning standards, development control rules, building rules/bye-laws, water supply and drainage bye-laws and a lot of such control measures depending on the facet of activity taken up. These are the mandatory operative provisions with the backing of the Acts of the Municipalities, Municipal Corporations or the Town Planning statutes. In addition, there are the recommendatory advisory provisions of national standards and codes covering the above fields brought out by the Indian Standards Institution (now Bureau of Indian Standards). The National Building code is one of the important inputs in this direction. In the context of the large scale housing programmes for all categories in cities and towns, the above regulatory documents play a very vital; significant and, in many cases, deterrent role.

Historically speaking, the present operative development control rules/planning standards, building bye-laws/regulations, except for a few belonging to some metropolitan and city local bodies, were prepared decades ago and the provision contained in them, in the context of 'HABITAT' programmes:

- are outdated;
- are specification oriented and not performance oriented;
- are non-uniform even on basic issues of design needs for equal situations;
- do not reflect the latest trends in planning/building designs, construction techniques and do not provide for innovations contributing to affordable low cost options;
- do not cater to the growing needs of urbanisation in terms of con-

- trol for tall buildings, fire protection, land utilisation, settlement pattern; and
- has a predominant 'elitist' approach in the provisions which are not relevant at all to the needs of housing the poorer sections of society, disadvantaged, etc.

Some efforts have been made at the national level to rationalise, modernise and unify the existing provisions of development control rules, planning standards and building bye-laws to cater to the needs of today. This was done by the Indian Standards Institution (ISI) through the formulation of the National Building Code in 1970. Even in this attempt, the specific operative requirements to cater to the needs of housing the low income group was not reflected and mainly catered to the needs of conventional housing programmes. HUDCO took up, as a result of the recommendations of the Housing Minister's Conference, with the ISI and a special chapter on requirements of low income housing was brought out in 1978 through IS: 8888-1978. This national standard covers realistic norms that can be achieved/implemented in respect of planning, design and general building requirements for housing needs of economically weaker sections and low income groups. These provisions have since been integrated as a part of the National Building Code of India 1984 version. This has served well as a 'model' for various state governments, Municipal Corporations, Municipalities, Development Authorities, Public Housing Agencies to revamp the existing building regulatory documents for suitable adoption or adaptation. However, progress in this direction has been far from satisfactory.

#### DETERRENT EFFECT ON HOUSING PROGRAMMES/SCHEMES

Large number of housing schemes get held up for clearance from the respective local bodies and development authorities, in view of the archaic, out-moded, irrelevant provisions of the operative development control rules and building bye-laws. Briefly analysed, the problem areas are.

- minimum sizes of plots;
- layout and sub-division requirements in terms of plotted development schemes permitting only detached type of development and excluding options of semi-detached, row housing, back to back pattern, group housing, cluster planning approach considering the higher density of development envisaged;
- the requirements of different parts of a house in terms of minimum size (area, width, height) of spaces (habitable room, kitchen cooking space/alcove/toilets etc.); compared to 'conventional' housing

needs, the sizes of house which can be built at first stage for the poorer sections have to be linked with affordability and, therefore, has to provide for 'starter house' with 'growing house' or 'incremental housing' concept which are not now catered to in the present operative rules; and

- the technological developments in design/specifications and services in buildings are not catered to and many innovative construction technologies cannot be introduced as it does not find a place in the bye-laws directly or indirectly.

## PLANNING

A look into the details would help appreciate the issues in a better perspective. Compared to the rock bottom present minimum size of 70 to 100 sq.mt. the realistic minimum plot sizes of 25 to 35 sq.mt. with plot frontage of 3.6 m. is not permitted by most local bodies because the bye-laws of 50's or 60's are not geared to the needs of housing of the 80's or 90's. The best architect/planner with all his ingenuity may arrive at the system of layout/house design with the least expenditure on developed land cost for all external development works. But that can at best remain at blue print stage, as the local development control rules still have planning/sub-division rules to cater to grid pattern with wider roads (unnecessary/uneconomical) etc.

The nature of land sub-division normally permitted is again based on grid pattern of development and there is no way by which architects and planners can create viable clusters with meaningful pathways and larger widths provided with in certain distances for other facilities like fire fighting, ambulance needs, etc. Even the open spaces insisted within building plots would have to undergo a major change and this can only happen when building development can be permitted not only based on the detached building pattern but also as semi detached, row house, clustoral planning, etc. Cluster condominium with aggregation of useful space to be used for small communities can change the environment but these are not normally permitted. There are many aspects of public housing schemes which have been done with sensitive and creative planning inputs but the same have been not found acceptable as per the existing development control rules of the authorities. Even the geometrical aspect of plots are linked with various settlement and development patterns which can play a major role in optimum and intensive utilisation of land resulting in cost effective developmental patterns. But these options are not encouraged due to rigid framework of plot sizes—setback provisions. The need for land bank for 'shelterless' categories to be provided in various layouts is another issue that comes to sharp focus.

Layouts are assessed in isolation looking for blind compliance of individual bye-laws or road widths, lengths, etc., instead of taking an integrated or overall assessment of the layout from functional points of view. Any number of examples can be quoted where sensitively planned housing layouts are facing abject refusal of planning permission from the planning authorities due to the outmoded development control rules.

### BUILDING DESIGN

Planning for a growing house with an initial multipurpose room is taboo to many local bodies, as it is against the building bye-laws needs of first room of 9.5 sq. mt. (100 sq. ft.), second room of 7.5 sq. mt. (80 sq. ft.), independent kitchen of 5.5 sqm. (60 sq. ft.) which are the 'standards' laid down for housing. 'Standards' are norms framed by the society, at a point of time, for *any* activity. The concept of a fullfledged kitchen of 5.5 sq.mt. for a poor man is like giving a costly crockery/cutlery set, with nothing to be served on it. The concept of cooking space integrated with the room design or may be an alcove would more than meet his/her minimal cooking needs. The first room has to be of at least 9.5 sq. mt. the second a bit less, etc., might be in order for conventional house. But for housing solutions to poor, it is a matter of building up from 'nothing' to 'something' liveable. The transformation has to be necessarily need based and resource oriented. 'Desirable' standards are one thing. 'Practical/Realistic' standards are yet another. It is the yawning gap between the 'best' and the 'rest' that has put deterring trends in housing programmes for poor.

What is, therefore, necessary in the building bye-laws is not the requirements for different parts of building as applicable to the housing needs of the haves but to provide for practical requirements which would cater to the aspirations of 'have-nots' as well. The building bye-laws and standards should very much be of the incremental approach to housing by which the accommodation or space could be increased from the initial starter accommodation to larger accommodation through a growth process both horizontally and vertically.

### TECHNOLOGIES

Design of single brick load bearing walls for four storeys or more, subject to availability of bricks of strength of the order 80 to 100 kg/cm cannot be translated onto *terra-firma* as the 'table' for load bearing walls in the bye-laws provide for increasing thickness(es) for the lower floors from above. How often do we succeed in getting cost and functionally effective mud construction with all technologies inputs in housing? Very rarely. The codes do not even consider this as a regular or

normal medium for housing solutions. Enterprising housing agencies could design, roof slabs of thickness 8 to 9 cm. using design innovations, but that would not be acceptable for the traditional, conventional, 'factor of safety' oriented department codes who would still like the slab to be not less than 10 cm. It is these 1 to 2 cm. of saving in all items which can add up to substantial savings in the cost of house, which are being denied. Single stack system of plumbing has been established by R & D efforts as an effective, efficient and economic solution compared to the conventional two pipe system with the soil pipes, waste pipes, ventilation pipes combined for both. How often has housing agencies succeeded in getting it through in housing scheme? 'The drainage bye-laws are still not alive to these developments', is the answer given. Use of PVC pipes/plastic pipes for water supply is heralded all over, but there are many local bodies still objecting to the use of these economic alternates as the operative water supply bye-laws do not provide for the same. These are just indicative instances.

The best of efforts by the architect/engineer team in planning/designing a housing colony for the benefit of the urban poor are thwarted by these 'books of all times' when at best these should have been 'books of the hour', going by the vast developments in technology and the limited resources of land, finance and material.

#### PROBLEMS OF URBAN RENEWAL

Another area where attention needs to be given is regarding revision of building bye-laws and development control rules due to specific problems of already built-up areas. The control of construction of houses in existing built-up areas (walled city, gaothan, core sector of city or old portion of city, etc.), requires a special strategy, compared to regulations of development activity in new areas. This is necessary considering the existing development with narrow roads/lanes, buildings abutting road line, projections on to street, development with courtyard concept of planning. The approach is to develop the street scene, with increased street width over a period of time, by giving incentive to plot owners for higher built-up areas, in view of the plot area in front being made available for future widening of streets. The broad approach for the same has been attempted in some of the new sets of building bye-laws and development control rules of states, like Maharashtra and it would be advantageous to avail of the approach adopted for regulating the development work within the built-up areas. The urban renewal programmes have to be necessarily linked with the redevelopment plans for the locality and the consequential effect of the same on the development control rules would have to be viewed considering the proposals envisaged in the development plans.

However, in the urban renewal programmes for squatter settlements, the provisions of the National Building Code, especially relating to development of low income housing settlements, if reflected in the operative development control rules and building bye-laws, would go a long way in the implementation of the urban renewal programmes for squatter settlements. The Hyderabad Habitat programme could be used as an example to advantage in this context. This would be necessary in all cases where slum improvement process are taken up within existing slum areas where the narrow access ways are converted into meaningful pathways by marginally readjusting the plot sizes. It may not as such meet the classical town planning rules for road widths, circulation system, etc. But it should be understood that in such developments what is being attempted is not to evolve 'perfect planning solutions' but a practical approach to bring improved environment to an existing human settlement problem. None of the existing development control rules can give sanction to such a development even though these are the needs of the community. The way in which Hyderabad Habitat programme have been implemented would bring in the need for permitting such developments not based on the classical developmental control rules but based on the realistic requirements. Quite often an apologetic approach is taken as if 'relaxations' are being made for such housing developments. It should be clearly understood that they are not the 'relaxed' requirements but the 'realistic' requirements for over 35 per cent of the urban fabric representing population living in squatter settlements.

#### CONCLUSIONS

Considering the above, the following major points emerge:

- (i) The development control rules, planning standards and building bye-laws should be brought in line with the provisions of the National Building Code so that the housing needs for the poorer sections in various cities and towns are catered to in a realistic fashion. While doing so, the provisions may be suitably adopted or adapted keeping in view the local conditions existing in the region/city/town. The revision of the Building Bye-laws should not reorder the life styles of people in urban or rural areas, as has been noticed in many cases. It should also be borne in mind that the provisions of the National Building Code can be implemented within the ambit of statutory needs of the Municipal Acts, when and only when the NBC provisions are reflected in the operating regulations either fully or as a 'deemed to satisfy' provision.
- (ii) Where the Development Authorities exist with areas of operation encompassing areas of jurisdiction of Municipal Corporation,

Municipalities, as well as Panchayats, it is very desirable that the provisions of the development control rules of the Development Authority and Building Rules of the other Local Bodies are integrated.

- (iii) The procedure for the building approval for building permits should be streamlined and simplified with a single window approach of clearance instead of individual house builders having to go through nearly around 10 agencies for the various clearances. For the housing scheme for economically weaker sections and low income group more simplified procedures have to be evolved for building permits as done recently by Madras Metropolitan Development Authority for the Madras metropolitan area for the housing schemes for the EWS/LIG.
- (iv) For only integrated proposals for housing envisaging layout and building designs, there should be a system of carrying out an overall appraisal and approval for planning and building permits, keeping in view the overall functional aspects and environment created instead of assessing each of the building designs as an individual development on a plot.
- (v) In case of growing towns, it is desirable to include provisions for development in new areas as well as for existing built-up areas.
- (vi) In the case of cities/towns with urban renewal programmes, the provisions of the redevelopment plan for the same should be integrated with the development control rules and the building bye-laws operating for the area.
- (vii) The building bye-laws should not be restrictive to curb the innovations in planning and design and freeze the ingenuity of architects, planners and engineers. To this extent, the regulations should cater the same.
- (viii) There should be a system for approving various building materials and technologies in building construction including mud and other modern materials. Provision of alternate technologies and new materials of construction should find a definitive place for house construction.
- (ix) While the technical exercise of revising the building bye-laws have been initiated and completed in certain cases, the administrative process for approving the new set-up bye-laws for implementation had not kept the same pace. As a result, many of the revised building bye-laws are still to be implemented. Simultaneously, efforts must be taken to strengthen the technical and professional set-up in local bodies to ensure efficient, expeditious and effective implementation of the regulatory provisions.

## *A Case for Rental Housing in the Shelter Programme*

C.S. CHANDRASEKHARA

THE IYSH 87 has just ended and during the year the various aspects of our housing and shelter policies and programmes have been brought to public attention. The efforts made, the methodology adopted and the investments that have gone into the shelter programme have been highlighted and the order of achievements in various directions have been indicated. The efforts of Housing and Urban Development Corporation of the Government of India, which is the main agency to translate into action central government's policies and programmes and which also influences largely the housing activities at the state and local levels can be taken as reflecting the national official picture in regard to housing and shelter. HUDCO's achievements are:

1. The 60 rural housing schemes involving a Rs. 33 crore loan leading to construction of over 90,000 houses in the villages of Andhra Pradesh, Kerala, Orissa, Gujarat, Maharashtra, Rajasthan, Karnataka, Madhya Pradesh and Tamil Nadu. The houses will be such as to suit the living habits of the people. The schemes also cover the rural landless. Out of 60 rural schemes, 17 have been sanctioned under a rehabilitation programme for people affected by natural calamities in Kerala and Tamil Nadu.
2. One hundred and sixty urban housing schemes involving a total loan of Rs. 96 crore being undertaken by thirteen states and two union territories, leading to the construction of over 94,000 dwelling units.
3. Special schemes for beedi workers and handloom weavers planned so as to provide working space as part of their house and include renewal and repair of dilapidated houses.
4. To prevent the creation of new slums, five per cent of land in each housing project is to be set apart for the shelterless category. This

land would be transferred free of cost to slum clearance agencies to provide housing for the shelterless.

5. An infrastructure project by the Pune Municipal Corporation for laying a cycle network for the city's 3.5 lakh cyclists. This would save the cyclists from traffic hazards during the peak hours and also free the roads of slow moving traffic.
6. Basic sanitation schemes for 31 towns and cities involving a loan of Rs. 11.83 crore, to improve the environmental conditions and make 22 of the 31 cities completely scavenger-free.

#### *Rental Housing as Part of Social Housing*

Almost the entire effort in the social housing and shelter programmes has been directed towards ownership housing. Amongst the several social housing programmes initiated by the central government (see Table 1), only plantation workers' housing is rental and that too forms part of an employee housing effort undertaken by the employers and is on part with central and state government employee housing, municipal workers' housing, etc. Thus rental housing does not form part of the national social housing programme of the governments to resolve the general housing shortage in the country. This situation has come about over the last four decades and it would be interesting to recall the past experiences, which have culminated in rental housing being totally excluded from the current social housing programmes. Such an analysis will also indicate whether it was right to do so and what has been the impact of exclusion of rental housing on the general housing situation.

TABLE 1 SOCIAL HOUSING PROGRAMMES

<i>Sl. No.</i>	<i>Name of the Scheme</i>	<i>Year of Introduction</i>
1.	Housing for Displaced People from Pakistan	1947
2.	Integrated Subsidised Housing Schemes for Industrial Workers and Economically Weaker Sections of Community	1952
3.	Low Income Group Housing Scheme	1954
4.	Subsidised Housing Scheme for Plantation Workers	1956
5.	Slum Clearance/Improvement Scheme	1956
6.	Village Housing Projects Scheme	1957
7.	Middle Income Group Housing Scheme	1959
8.	Rental Housing Scheme for State Government Employees	1959
9.	Land Acquisition and Development Scheme	1959
10.	Rural House Sites-cum-Hut Construction Scheme for Landless Workers	1971
11.	Site and Services Programme for EWS	

Most pre-war social housing in the West and even in India was of the rental type. It was thought, rightly too, that if a person could afford to buy a house he could also rent it from the open market, and need not resort to social housing. Following this in the pre-independence era, central, state and local authorities undertook construction of dwelling units on a rental basis, and these were made available mostly to their employees. Some municipalities undertook city extension schemes and built houses to be given on a rental or a hire-purchase system enabling the people to own the houses over a period of time. The subsidised industrial housing scheme of 1952 and the slum-rehousing schemes of 1956 were all structured on a rental basis. The only scheme that was conceived on an ownership basis was the houses for displaced people from Pakistan, where the rehabilitation of the displaced people was taken as a one-time operation allowing the displaced people to buy the ownership rights with their refugee claims. This programme did not always involve built houses but mostly refugee property, land and house plots.

### *Problems of Management of Rental Housing*

In the late fifties, however, the local administration and even the state governments found it difficult and almost impossible to collect the rents from the beneficiaries on account of weak and inefficient management, political interference, tenancy laws and legal delays. Faced with this problem, the housing administrations switched over to make the slum rehousing and state built industrial workers housing mainly on an ownership basis, absolving themselves of the responsibilities of administering them and collecting rent. They did not take into account the effect this would have on the housing market. Even today, subsidised industrial workers housing built by the industrialists with two-third government subsidy continues to be administered by the industrialists themselves and made available to their workers only on a rental basis and as long as they are employees of that particular industry. In regard to slum rehousing, the house was seen by the allottee not as a shelter but as an income-earning asset and while he successfully dodged paying rent for it for one reason or another, sometimes for very absurd reasons with political backing, he managed a make-shift shelter for himself and rented his house and earned a substantial income from it. Thus the house became an economic support to the family and not a shelter relief.

Thus while social housing was mainly of the rental category initially, by the early sixties, it was almost wholly given up in preference to ownership housing schemes either on a hire-purchase basis or outright payment basis. The hire-purchase system with a low interest rate and a fairly long period of payment retained the advantages of a rental housing

scheme, and absolved the housing administration of the rent liability. The hire-purchase arrangement made it possible to resume a house for default of payment. Even there, if the management, was lax or inefficient, the same situation as in the case of rental housing, occurred.

### *Rental Housing Vs. Ownership Housing*

The present trend is towards giving up even the hire-purchase system, as it is stated to lock up capital resources of the housing authorities for a long time affecting total turnover in terms of houses built. Housing and development authorities all over the country are going over to self-financing housing schemes in which they practically sell the house when constructed and absolve themselves of the liabilities of maintenance and upkeep. Most social housing today is of the self-financing or outright payment category requiring initial capital to obtain a house. Therefore, housing is available only to those who have or are able to raise the capital by borrowing from financial agencies. For those who do not have the capital nor the credit worthiness enabling them to borrow, social housing programmes have no answer and are not even concerned, notwithstanding that this section of population is very large and includes the urban poor, the rural landless and the economically weaker sections all over the country. They have been thrown at the mercy of the house owners and private builders and are required to pay exorbitantly high rents in spite of all the Rent Control Acts in force. Law has never come to the help of the needy. It only helps the exploiters most of the time, as legal action becomes the last resort and in the present society where political clout and influence have the sway and only the powerful succeed, the people at large have to fend for themselves as best as they can or be forced into slums, unauthorised constructions or live on the pavement.

### *The National Housing Effort*

The estimate of housing shortage put out by the National Buildings Organisation indicates that by 1990 there will be a total shortage of 29.2 million houses of which the urban housing shortage will be about 5 million. The social housing programmes presently being implemented produced up to the end of 1985 only 1.12 million houses and house plots in the urban areas. This obviously has not been able to make any kind of a dent on the housing shortage. If the entire housing shortage has to be wiped out, an astronomical amount of Rs. 1,500 billion will be required which is neither feasible nor practical.

A study of expenditure on housing by public sector and private sector since 1951 (Table 2) indicates that the public sector investment up to the Seventh Plan was only 11.1 per cent whereas private sector has invested 88.9 per cent. It is also significant that while investment in the public

sector increased marginally over the successive plan periods, there was a substantial rate of increase in the investments which the private sector was putting into housing. This shows that the private sector was taking full advantage for an expanding housing market and profiting by it. This establishes the capability of the private sector to mobilise investments into housing provided it was profitable to do so.

TABLE 2 EXPENDITURE ON HOUSING

(In crore)

<i>Plan Period</i>	<i>Public Sector</i>	<i>Private Sector</i>	<i>Total</i>
I. 1951-1956	250	900	1,150
II. 1956-1961	300	1,000	1,800
III. 1961-1966	425	1,125	1,550
IV. 1969-1974	625	2,175	2,800
V. 1974-1979	796	3,640	4,436
VI. 1980-1985	1,491	11,500	12,991
VII. 1986-1990	2,458	29,000	31,458
TOTAL	6,150 (11.1%)	49,336 (88.9%)	100%

### *Social Housing in the Rental Housing Form*

Thus, even with the most ambitious expansion of the social housing programmes in the public sector the contribution which it can make to reduce the housing shortage will only be marginal. The major contribution would have to come from the private sector. Therefore, it is all the more necessary for public social housing programmes to be limited to clearly identified areas and population groups where they can be most effective to help resolve the shelter problem, *i.e.*, in the urban areas and the low income and EWS families. It has been stated earlier that this section of population group does not have the capital with them nor are they able to raise the required capital by borrowing the money—they may be unemployed or casually employed—to go in for ownership housing. Thus public social housing will have to concern itself not with schemes which call for capital investments from the beneficiaries but with schemes related to the current income levels of those sections of population, in fact the rental housing.

All social housing programmes have to be structured as rental housing programmes only and the difficulties earlier experienced in the management aspects of rental programmes have to be appropriately overcome through properly organised and efficient management and appropriate management techniques. One cannot run away from the whole programme of social housing because of difficulties in management. In

this context, it will be desirable to recall that even today in the country there are very successful rental housing programme well managed by agencies such as the Calcutta Improvement Trust, private Trusts and private business organisations. The industrial concerns continue to build large number of houses for its key staff and essential labour and these are managed well and rents are collected either through deduction from the wages and salaries or through other means. Therefore the weaknesses of our housing administrations in the matter of rent collection and estate management cannot impose restrictions on the housing policy framework wholly contrary to the basic objectives of housing policy.

#### *Rental Housing—Solution to Our Housing Problem*

The Hong Kong Housing Authority which has built millions of houses in the 40 years all on a rental basis, have been able to demonstrate that the rent collection can be successful to 99.9 per cent and the management of the rental housing estate which includes not only rent collection, but also administration of common areas such as open spaces and playgrounds, the use of entertainment media such as TV, Radio and community activities and social welfare work entrusted to social workers who are employed as part of the management, have clearly established that estate management can be done efficiently provided one has the right people, right kind of management techniques and the right attitude practiced from the very beginning. Singapore, where 60 per cent of the people are accommodated by the public rental housing programmes, has had the same experience as Hong Kong. It has also been clearly established that the housing problems both in Hong Kong and Singapore have been largely solved because of the very substantial rental housing programmes undertaken by the government and good management in spite of the substantial refugee problem which they face year after year. In the United Kingdom, most European countries and in the USA the local authority housing are mostly on a rental or lease basis and available to people who have just come into the city and want to establish a footing before they look for more permanent housing suitable for their needs.

Thus, with all these instances it is obvious that giving up rental housing programmes has been a very great blunder on the part of housing administrations. Market surveys conducted for different types of housing have indicated a very large demand for rental housing of different types in the urban areas. In a housing market survey conducted for Vishakhapatnam city, it was found that the 40 per cent needs of housing was for rental housing of 1-2 bed room houses. Such a substantial demand for rental housing in the urban areas is understand-

able for the following reasons.

1. Those who come to the city to work in industry, commerce or government will not be on the lookout for buying a house. They may not be certain whether they would continue to work in that city, in the same position or they may have to move elsewhere. They may come singly leaving their family elsewhere. Their need therefore is a shelter within their income range.
2. Those who come into the city as entrepreneurs although they may have the necessary capital with them, may not wish to commit themselves to a permanent location and may wish to be mobile until they and their entrepreneurial activities are fairly well settled. Locking up their capital in housing will mean a certain handicap for them.
3. Most people who come to the city for job are in the younger age group. They may be unmarried or just married with small families and will not have decided where they are going to settle down on a long-term basis. Their need is for a good rental dwelling and not for ownership dwelling.
4. The poorer sections of the migrant population will have neither the capital, nor larger incomes, nor credit worthiness yet they must find shelter. Today, they are at the mercy of landlords who exploit their helplessness and compel them to pay high rents. It is this section of population that look to the government for substantial help to find a suitable shelter within their reach, even if it be substandard in regard to its use in terms of overcrowding, sharing of facilities and physical hardships.

In the urban areas, because of fire hazards, insanitation, the need for safe drinking water supply and security, the site and services programme is a misfit because it produces large slums along with unauthorised and unsafe constructions which pose fire hazards. The monthly payment which an EWS and low income family has to pay under private sector management is substantially more than what they will have to pay if regular dwelling or a shelter on rental basis is available to them under a public housing programme, which will ensure them security, safe drinking water, acceptable standards of sanitation and safety from fire and other hazards.

#### *Rental Housing will Enlarge Local Tax Base*

The migrants have also to be brought ultimately into the tax base of the city and made to contribute for the services which the city is providing them directly and or indirectly. This cannot be done in the case of a site and services programme. It is only if they are accommodated in

normal rental housing, if need be, in multi-storeys that will make it possible to enlarge the tax base meaningfully alongwith the growth of the population in the city. For the above and other reasons, it is clear that there has to be a radical shift in our social housing programmes in the public sector towards large scale rental housing.

### *Capital for Rental Housing*

The effort to make this shift is being thwarted by a number of arguments whose hollowness needs to be exposed. Firstly, it has been said that rental housing will not permit quick capital re-circulation and that with a limited capital, the number of houses that could be built will be small and inadequate. This argument based upon assumption that capital has to come only from the Five-Year Plan investments, is valid. However, against the large demand and accumulated large housing shortage, the investments from plan funds will achieve very little and will only aggravate the problem rather than ease it. This aggravation occurs because in the name of promoting the social housing programmes the land market is frozen; housing agencies become speculative and exploitative and push up the cost of essential materials creating artificial shortages. If there were no public ownership housing programmes and there was a free land market regulated by fiscal policies and regulations, the output of housing from the private sector would have practically doubled and rents would have been under some control, as indicated by experiences during the early 70s. It is the urban land ceiling restrictions, bulk acquisition measures, and rent control acts and, to some extent, illogical regulation of development under the master plans that has made the housing situation what it is today.

Further, if the capital base for rental housing is enlarged to include not only plan funds but also the savings available with the public which can be mobilised [this has been eminently demonstrated by the self financing housing (SFS) programmes practically in all the cities], there would be a substantial availability of capital resources for rental housing. As it is, the SFS and cooperative group housing that are being constructed is not being owner-occupied but rented out at high rents. The people who have contributed capital for these schemes are not currently interested in housing but are investing their capital for high returns in the form of rent and over a period of time, laying the foundation for ownership housing. Therefore, if the production of dwellings through SFS and Group Housing would have been converted into the rental housing category with the same capital but assured returns on the capital, there would have been greater spread of the benefits. It would have paved the way for permanent resolution of the housing problem in the cities. There would not have been the need for slum clearance housing or resettlement housing for the unauthorised housing

if a very large programme of rental housing had been promoted and even the so-called unauthorised construction could have been obviated. Further, the public rental housing can bring under its umbrella, rental housing built by the public agencies directly and also rental housing sponsored by the public agencies but built by the private and the co-operative sector. This would enable standards to be enforced, provision of amenities to be ensured and basic services made compulsory.

### *Management of Rental Housing*

The second argument is in regard to the management of the housing estate. It has been established clearly earlier that there is a large experience available both in our country and outside in regard to the management of urban estates. If the present agencies did not have the needed capabilities, this could have been easily remedied by the construction agencies after completing the housing, handing over to estate management agencies established specially for the purpose with suitable staff and it would also ensure, in addition to estate management, community development in urban areas, welfare programmes including family planning, child development, womens' welfare, care of the aged and infirm, etc. In this effort the help of the voluntary agencies can be mobilised to build up community spirit and healthy environment. The establishment of these estate agencies would open up large employment prospects for the younger people who could be trained and asked to take up the estate management tasks.

The third argument that would arise will be whether the kind of magnitude of housing effort that is required could be built up in the case of rental housing. This is possible and is affirmed because the capital that is presently flowing into the housing effort from the private sector would get apportioned between rental housing and ownership housing; efficient rental housing management will assure the expected returns on capital without the hazards of litigation, interference from rent control act, etc. Thus, the small investor seeking an assured income would be drawn into this area as the present experience in telephone bonds, railway bonds, etc., has shown. This is supported by the experience of insurance companies in USA which have invested substantially in the construction of townships where both rental housing and ownership housing are offered and which have proved to be a financially sound proposition. An example is that of STUYESANT town in New York. The recent new town Milton Keynes in UK is also in this category and the town authority offers rental housing and a job to those people who are willing to come and settle down in that town.

### *Rental Housing as a Solution to Metropolitan Growth*

Another forceful argument in favour of rental housing is that if rental

housing was promoted in a number of small and medium size towns around the metropolitan city, the better housing situation that would result in the small and medium towns would attract people away from the metropolitan city. No doubt, transport would have to be provided but this can be more easily done than trying to provide basic services in highly dense and congested cities. This will also help to decentralise both activities and people from the metropolitan cities.

#### CONCLUSION

There is thus a well established case for Rental Housing to be made the most important area of public housing activity in the country, encompassing both public and private effort. Such a step may well pave the way for the gradual resolution of our urban housing problem which today seems almost impossible to solve, and also the larger task of de-concentration of metropolitan cities and more balanced, liveable, economically viable growth of our cities and towns in the country. □

# *Rental Housing in Madras: An Overview*

CHETAN VAIDYA

IN URBAN India, about half of the total households live in rental housing. It plays a very significant role. However, there is dearth of information on this subject. It has been neglected by policy makers as well as researchers.<sup>1</sup> This is one of the major reasons why realistic policies have not been made for this sector. In this context, this paper presents an overview of rental housing in Madras.

Rent Control Act (RCA) can have significant impact on housing supply and investment. Simple analysis of RCA suggests that it reduces the quantity and quality of housing availability and has other undesirable effects. A research project is therefore now underway to study "Rent Controls in Developing Countries" and recommend alternative methods of decontrol under different conditions.<sup>2</sup> Madras has the most 'progressive' RCA in India as it provides for determination of fair rent for new properties on the basis of cost of construction plus market value of site at the time of application for fair rent fixation.<sup>3</sup> In addition, buildings for a period of five years from date of construction and residential buildings with monthly rent more than Rs. 400 are exempted from this act.<sup>4</sup> Thus, the city provides an opportunity to study impact of least rent control on housing situation.

The paper is mainly based on studies recently carried out in Madras

<sup>1</sup>National Institute of Urban Affairs (NIUA), "Rental Housing in Urban Areas—A Research Proposal", 1987, p. 12. This is an on-going research study sponsored by Planning Commission.

<sup>2</sup>S. Malpezzi and C.P. Rydell, "Rent Control in Developing Countries—A Framework for Analysis", *Discussion Paper No. UDD-102*, World Bank, 1986.

<sup>3</sup>V.K. Tewari and T. Krishna Kumar, "Rent Control in India—Its Economic Aspects and Implementation in Bangalore", *Discussion Paper No. UDD-91*, World Bank, 1986, p. 6.

<sup>4</sup>R. Krishnaswamy, "Tamil Nadu Buildings (Lease and Rent Control) Act, 1960, Victory Publication, 1987, p. 145.

on different aspects of rental housing.<sup>5</sup> This paper is organised as follows. The next section describes the existing size of rental market in the city. Following two sections present characteristics of supply and demand sides of the rental housing. Policy implications and recommendations are presented in the last section.

#### SIZE OF RENTAL MARKET

Madras, the fourth largest city in India, had a population of 3.2 million in 1981 and annual population growth of 2.7 per cent during 1971-81. Housing situation in this city is far from satisfactory. About one-third of the households live in slums. In the context of deteriorating shelter situation in the urban area, a shelter programme has been undertaken as part of World Bank assisted Madras Urban Development Projects. The programme consists of Slum Upgradation and Sites and Services Schemes.

In 1971, the proportion of total households living in rental housing was 71 per cent in Madras. This proportion has decreased to 68 per cent in 1981. As per recent analysis, the percentage of rental housing is estimated to be 48 per cent in 1986 (Table 1). The sudden decrease in role of rental housing is due to the large-scale Shelter Programme undertaken in the urban area during this period. As part of the programme, about 38,000 slum households have signed lease-cum-sale agreements and 12,000 households have been provided with serviced plots during

TABLE 1 CHANGING ROLE OF RENTAL HOUSING IN  
MADRAS—1961 TO 1986

Year	Percentage of rental households to total
1961	74
1971	73
1981	68
1986	48

SOURCE: *Census for 1961, 1971 and 1981*. Chetan Vaidya and K. Mukundan, *op. cit.* for 1986 estimate.

<sup>5</sup>Chetan Vaidya and K. Mukundan, "Role of Rental Housing in Slum Upgradation Programme—Some Issues", Paper to Housing and Income Seminar, organised by HUDCO/IHS, December, 1987. Aart Schalkwijk 'Tenants in Inner-City—Case of Madras, University of Amsterdam, 1987 (forthcoming). S. Saraswathi, "A Study of Middle and Upper Income Group Rental Housing in Madras", unpublished Thesis, School of Planning, Ahmedabad, 1988. Chetan Vaidya, "Estimation of Demand for Housing Finance in Madras", *Urban India*, June-December 1987 (forthcoming).

1978-86. Another reason for the difference in the percentage of rental housing in 1981 and 1986 could be due to definition. It seems that Census of 1981 has considered most of the slum households as tenants whereas the 1986 estimate has termed the original occupier of the slum housing as owner. This proportion of rental housing in 1986 taking the same definition as 1981 Census is estimated to be anywhere between 55 to 58 per cent.

Thus, though rental housing continues to be an important segment of the housing market in Madras, its role has decreased significantly during the last two decades.

The rental housing market could be divided into Slum and Non-slum areas. The percentage of tenants to total households in Slum was estimated to be 44 per cent whereas the corresponding figure for non-slum areas was 50 per cent (Table 2). In Chintadripet, an inner city area of the urban centre, the proportion of tenants is as high as 70 per cent to total.<sup>6</sup>

TABLE 2 PERCENTAGE DISTRIBUTION OF HOUSEHOLDS BY TENURE STATUS IN MADRAS—1986

Type	Percentage distribution <sup>a</sup>		No. of total households (in lac)
	Owners	Tenants	
1. Slums			
(a) SIP	51	49	0.82
(b) Others	59	41	1.28
Sub-Total	56	44	2.10
2. Non-Slums	50	50	4.30
Total	52	48	6.40

<sup>a</sup>In each type.

SIP—Covered by Slum Improvement Programme as part of the World Bank assisted Shelter Project.

SOURCE: Chetan Vaidya and K. Mukundan, *op.cit.*

#### TENANTS—CHARACTERISTICS OF DEMAND

There are several views regarding who are the occupiers of rental housing and what factors influence this sector of housing market. One view is that households generally desire to own a house and constraints on supply force them to rent. Another view sees tenancy as a temporary

<sup>6</sup>Aart Schalkwijk, *op. cit.*, p. 7.

solution in the life cycle of a household until permanent residence is not a priority. This discussion implies that in long-run, everyone wants to own a house.<sup>7</sup>

Given this background, this section has analysed characteristics of rental housing demand for three supply sub-markets, namely, slums, inner-city and middle and high income areas.

### *Slum Areas*

There are about 2.1 lakh households living in slums of the city. Out of this, 0.8 lakh households are living in 226 slums improved as part of the Madras Urban Development Projects. The proportion of rental housing in improved slums is estimated to be 49 per cent whereas corresponding figure in other slums is 41 per cent.<sup>8</sup> The idea that households in the slums live in their own self-help houses is inaccurate as large number of them rent their home.<sup>9</sup>

As part of Madras Slum Improvement Programme (SIP), land tenure has been given to the slum households. It is important to understand impact of SIP on tenant households. Information for Muthumariamman (M.M.) Colony is available before and after implementation of the programme.<sup>10</sup> It was collected for the years 1984 and 1986.

Before implementation of the programme in M.M. Colony slum about 47 per cent of the total 377 households were living as tenants. After implementation of the programme, 55 per cent of the tenant households moved out during 1984-86. About 40 per cent of tenant households living in the slum in 1986 had occupied their houses in last two years. Average income of new tenants was relatively higher than the tenants. Average rent increased from Rs. 42 to Rs. 64 during the two years.

Thus SIP has caused displacement of tenants from the slum. It is particularly true for the poorest households. For the tenants, the problem has moved from insecurity of demolition by public authorities to insecurity from individual eviction by landlords for not paying higher rents and their potential legal status. Average rent has increased in the slum after implementation of SIP. However, the unauthorised rental sector of the slum area continues to provide low cost shelter which is perhaps within the affordable budget of the low income households. It is

<sup>7</sup>Andrew C. Lerner, "Role of Rental Housing in Developing Countries—A Need for Balance", *Discussion Paper No. UDD 104*, World Bank, 1987.

<sup>8</sup>Households eligible to sign lease-cum-sale agreements in improved slums and original squatter in other slums have been identified as owner households.

<sup>9</sup>A. Gilbert, "Tenants of Self-Help Housing—Choice and Constraints in Housing Markets of Less Developed Countries", *Development and Change*, Vol. 14, 1983, p. 449.

<sup>10</sup>K. Kalyani, "Slum Upgradation Process—A Case Study", unpublished Dissertation, School of Planning, Ahmedabad, 1985.

pertinent to note here that as high as 54 per cent among the tenant households in the slums have expressed desire to own a house.<sup>11</sup>

### *Inner-City Areas*<sup>12</sup>

In Chintadaripet area, as mentioned earlier, about 70 per cent of the households have rented their accommodation. The proportion of low income tenant households (up to Rs. 700 per month) is 58 per cent; floorspace per household is just 152 sq. ft. with average household size of 5.6 persons. Average number of years in the same area is 14 years for tenants. Most of them are living in this area for a very long-time. A comparative analysis of owners and tenants is presented in Table 3. It shows that these two groups of households differ widely in their socio-economic profile.

Looking closer at housing conditions of tenants, the majority lived in old dilapidated houses with lack of maintenance. Most of the houses are more than 60 years old. About 62 per cent of the households have electric connection but in most cases there is no individual water connection. Tenants, pay, on an average, Rs. 102 per month. Compulsory advance payments for accommodation is great burden to the tenants. On an average, they have paid Rs. 1,000 as advance.

About 64 per cent of the tenants are not satisfied with their present accommodation. They would like to leave, if possible, but felt that they have no chance of moving to a better dwelling. Only 25 per cent of them were actively looking for other accommodation. As many as 95 per cent of them expressed their desire to own a house one day.

TABLE 3 SOME INDICATORS OF OWNERS AND TENANTS IN  
CHINTADARIPET—AN INNER-CITY AREA OF  
MADRAS

<i>Indicators</i>	<i>Tenants</i>	<i>Owners</i>
(a) Household Income (Rs./month)	875	1,836
(b) Household Size	5.6	8.3
(c) Casual/Short-term wage earners (%)	32	3
(d) Number of years in the area	14	33
(e) Floor Space (sq. ft.)	152	761
(f) Number of persons per room	4.3	2.1

SOURCE: Aart Schalkwijk, *op.cit.*

<sup>11</sup>Chetan Vaidya, *op. cit.*

<sup>12</sup>Aart Schalkwijk, *op. cit.*

*Non-Slum Areas*<sup>13</sup>

Proportion of tenants to total households in non-slum areas of the city is estimated to be 50 per cent. It is varying between 42 to 62 per cent for different income groups (Table 4). Average monthly income of tenants is Rs 1,540 which is not very different from the corresponding figure for tenants (Rs. 1,540). However there is wide difference between average area of tenant and owners. It is only 440 sq. ft. for tenants which is less than that of owners (935 sq. ft.)

Only 26 per cent of tenants households have expressed desire to own a house. It is varying between 12 to 40 per cent for different income groups. This percentage is relatively high in fringe areas (43 per cent) compared to other areas (15 to 24 per cent). It is difficult to separate tenure and location decision.

Financial difficulties have been identified as a major reason for not planning to own a house. This has been expressed as a major reason even among the high income households. As there are many constraints in supply of affordable shelter in the city, many households have assumed that it is not feasible for them to own a house.

TABLE 4 PERCENTAGE DISTRIBUTION OF TENANTS BY HOUSEHOLD INCOME AND EXPRESSED DESIRE TO OWNERSHIP OF HOUSE IN NON-SLUM AREAS OF MADRAS

Monthly Household Income (Rs.)	Percentage total tenants	Percentage total households*	Percentage who wants to own
Up to 500	7.9	55	22
501—750	13.9	62	12
751—1,000	18.2	50	24
1001—1,500	18.6	42	40
1501—2,500	23.4	48	26
Above 2,500	14.4	48	32
Not known	3.6	75	6
Total	100.0	50	26

\*Percentage in each group.

SOURCE: Chetan Vaidya, *op.cit.*

## CHARACTERISTICS OF SUPPLY

In Madras, as in other cities of India, landlords rent accommodation to others under diverse arrangements. At the upper level, formal sector construction produces apartments and individual houses. At the middle

<sup>13</sup>Chetan Vaidya, *op. cit.*

level, renting a 'portion' of the house is also common. In this sub-market, a part of the house with, generally shared washing and toilet facilities is given on rent. At the lower level, informal, sector produces rental accommodation largely through construction of additional rooms or sub-division in the slum areas. Characteristics of supply of rental housing in these sub-markets has been described in this section.

### *Landlords*

In improved slums of Madras, about 40 per cent of total houses have rental units. About 80 per cent of plots with rental housing have just one or two tenants. Only 6 per cent of them have four or more tenants. There is no large-scale landlordism in rental market of the slums. Average monthly rent per plot is estimated to be Rs. 119. It is 15 per cent of the average household income of the owners. Households are giving space on sub-rental to augment their income.<sup>14</sup>

In the inner-city area of Chintadaripet, tenant-landlord relations can be characterised as personalistic and close.<sup>15</sup> Almost half of the tenants lived together with their landlords in the same building, sometimes sharing same facilities. In spite of many complaints about quality of the accommodation and lack of maintenance by the owner, 66 per cent of tenants stated that they had friendly relations with the landlords while only 16 per cent described their relationship as not well.

In middle income groups, the return from rental accommodation is relatively not high. However, households invest in rental housing for future space requirement, security and supplementing their income. Most of them are petty landlords. The tenants and landlords have, generally, cordial relations. In all the three sub-markets, landlords insist on their choices and preferences over selecting the tenants. In many cases the landlords and tenants belong to the same community and social status.

In case of slums and inner-city areas, friends and relatives are major sources of information regarding the rental market. Advertisement in newspaper is the most common source of information for middle and high group housing. Brokers are not playing a significant role in the middle income sub-market. One finds the 'To Let' boards in newly developing fringe areas.

### *Impact of Rent Control Act*

As mentioned earlier, Rent Control (RCA) in Madras is most progressive. It covers only houses with monthly rent more than Rs. 400 and constructed more than five years ago. Therefore, the analysis of

<sup>14</sup>Chetan Vaidya and K. Mukundan, *op. cit.*

<sup>15</sup>Aart Schalkwijk, *op. cit.*

RCA has been confined only to middle and higher income groups.<sup>16</sup>

For assessing impact of RCA, data has been separately analysed for controlled and uncontrolled units.

Controlled units are defined as house for which fair/standard rent has been fixed by the Court or Rent Controller. There is no major difference between households of controlled and uncontrolled units in terms of income, size and area of house (Table 5). However, expenditure on housing by the households of controlled units is one and one-third of that of uncontrolled units. Expenditure on housing as proportion of household income is 7 per cent whereas the corresponding figure for uncontrolled units is as high as 20 per cent. Average duration of stay of households in controlled units is 16 years compared to just 6 years for the uncontrolled units. It perhaps shows that RCA has helped to subsidise the 'old' tenants.

On the whole, the study of middle and high income housing reveals that rental market in Madras is relatively free. It is also supported by the facts that there are very few houses with Accommodation Control Officer, very few cases are filed under RCA, and even after five years from completion, the tenants do not make use of RCA for fixing the fair rent and rental accommodation is available through formal newspaper advertisements. The owners of this city are mainly petty landlords type unlike the large-scale developers. They are mainly small-scale investors.

TABLE 5 SOME INDICATORS OF TENANTS IN CONTROLLED AND UNCONTROLLED UNITS—MIDDLE AND HIGH INCOME HOUSEHOLDS OF MADRAS

Indicators	Controlled Units	Uncontrolled Units
(a) Household Income (Rs./month)	2,620	2,850
(b) Area (sq. ft)	487	509
(c) Household Size	3.9	3.7
(d) Duration of stay (years)	16	6
(e) Expenditure <sup>a</sup> . (Rs./month)	183	579
(f) Per cent Expenditure to Household Income	7	20

<sup>a</sup>Expenditure includes rent, maintenance charges and taxes paid by tenant and imputed value of key money, if any.

SOURCE: Saraswathi, *op. cit.*

### *Impact of Property Tax*

Present system of property tax assessment is based on the concept of annual rateable value. Decision of the Court to apply Rent Control Act

<sup>16</sup>S. Saraswathi, *op. cit.*

to determine the annual rate had a dampening effect on the growth of the tax base. Effect of RCA on decrease in property tax revenue is well analysed.<sup>17</sup> But impact of property taxation supply of rental housing has not been analysed.

Present system of property tax assessment is based on annual rateable value. The original Municipal Corporation Act does not make any distinction between self-occupied and tenanted properties for the tax assessment. But there is a convention to reduce the annual value by 25 to 30 per cent in the case of self-occupied houses. Recent amendment passed by the state assembly has introduced a new system for reassessment of properties.<sup>18</sup> Under the new system, it has been proposed to increase the tax by 100 per cent for houses occupied by the owner fully or partly and 200 per cent for houses fully let out. Thus, property tax for tenanted houses will be higher than self-occupied houses. This will further reduce the supply of rental housing in the city.

#### *Availability of Land and Finance*

Supply of affordable serviced plots in the urban area was far from satisfactory. More than 16,000 plots have been provided as part of the Sites and Services Schemes. This has helped in provision of ownership as well as rental housing. More than half of the total households in Arumbakkam Sites and Service Schemes are living in rental housing.

Housing finance is available as part of the Sites and Services as well as Slum Upgradation schemes of Madras Urban Development Projects. This has helped in increasing supply of low-cost rental housing in the urban areas. Demand for housing finance in Madras City has been estimated recently.<sup>19</sup> It is interesting to note that out of the total demand of Rs. 654 crore about 49 per cent has been made by owner households (Table 6). Many of these households need finance to construct rental housing. However, at present finance for construction of rental space is not easily available.

#### POLICY IMPLICATIONS

There is a bias against rental housing in the country.<sup>20</sup> Objective of the proposed National Housing Policy is also to help every family to

<sup>17</sup>Shyam Nath, "Impact of Rent Control on Property Tax Base in India—An Empirical Analysis", Occasional Paper No. 75, Metropolitan Studies Programme, Syracuse University, 1983.

<sup>18</sup>C.H. Gopinatha Rao, "Property Tax Assessment Needs Rationalisation", *The Hindu*, December 29, 1987.

<sup>19</sup>Chetan Vaidya, *op. cit.*

<sup>20</sup>This is also true for many other developing countries. See Andrew C. Lemer, "Role of Rental Housing in Developing Countries—A Need for Balanced Approach, Discussion Paper No. UDD 104, World Bank, 1987, p. 2,

own (not rent) an affordable shelter by the year 2001.<sup>21</sup> Both national and local level taxation policies have further introduced an economic bias against the rental housing. In Madras, perhaps this is partly responsible for low density development in the urban area. Floor Space Index utilisation is less than one for most parts of the city.<sup>22</sup>

TABLE 6 PERCENTAGE DISTRIBUTION OF ESTIMATED DEMAND FOR HOUSING FINANCE BY VARIOUS CATEGORIES MADRAS

<i>Area</i>	<i>Owners</i>	<i>Tenants</i>
Slum	15	9
Non-Slum	34	42
TOTAL	49	51

SOURCE: Chetan Vaidya, *op. cit.*

The present policy is against rental housing because following factors are generally associated with this sector:

- (a) Public agencies are not in a position to construct and maintain rental housing. Private sector landlords tend to exploit the tenants.
- (b) Areas with large-scale rental units are not properly maintained and lack basic urban services.
- (c) Increase in supply of rental housing will decrease investment in the housing sector.
- (d) Beneficiaries of shelter programmes should not make additional income through sub-rentals.
- (e) In long-term perspective, tenants may have to bear economic losses due to increase in land and construction prices.

These factors have been discussed below:

- (a) Study of owners in three sub-markets in Madras, namely, slums, inner-city and middle and high income areas reveals that there is no large-scale landlordism. In the low income areas, the owners

<sup>21</sup>*Draft National Housing Policy*, Ministry of Urban Development, Government of India, 1987.

<sup>22</sup>Based on data collected as part of "Study on Rationalisation of Property Tax Structure in Madras", ORG, 1985.

and tenants are from similar socio-economic backgrounds.<sup>23</sup> Most of the land-lords are renting some rooms to supplement their incomes. Many tenants and landlords have good working relations. The general belief that landlords exploit tenants is not fully true. Private sector can provide rental housing units and the limited resources of public housing agencies may not be diverted for this purpose.

- (b) Lack of maintenance and inadequate provision of basic urban services in different parts of the city is a major problem for most of the low income areas of Madras. It should not be linked to sale of rental housing in the area. In addition, RCA acts as a constraint for more investments on rental housing improvements. Therefore, present situation regarding maintenance of these housing units may not hold good if the act is suitably amended.
- (c) Increase in supply of rental housing will not decrease investment in housing but may increase it. Many of the existing owners will construct more rental space if this sector is given the necessary encouragement.
- (d) Argument against sub-rental housing in shelter programmes is correct if the plots are given at subsidised rates. Full cost recovery should be a pre-condition for encouraging small-scale letting in improved slums and sites and services schemes. The sub-rental market will increase supply of affordable shelter in the urban area and also help in the consolidation process of the beneficiary households.
- (e) It is perhaps true that in the long-run, tenant households will have to bear economic losses due to increase in land and construction prices. However, households in young stage of the life cycle will find rental housing most economical.

In the context of above discussion, it is felt that present policy which is implicitly against rental housing needs to be re-oriented. A more balanced approach towards this sector is required. It will also help to improve working of the housing market as a whole. Specific recommendations are:

- (a) Present property tax assessment method tends to decrease supply of rental housing. There should be parity in taxation of self-occupied and tenant residential properties.
- (b) Rent Control Act in the state should be further amended. There

<sup>23</sup> Alan Gilbert has made similar observation based on his studies of rental housing in Bogota, Colombia, Mexico city and Valencia, Venezuela. See "Rental Housing—A Rediscovered Priority", *Urban Edge*, February, 1984.

is need to provide some minimum return to the owners on lines of amendment to the Bombay Rent Control Act.<sup>24</sup> In addition, all the new houses above a certain size (say 300 sq. ft.) should be exempted from the purview of this act.

- (c) Financing should be provided to owners of existing houses to expand the rental stock.
- (d) Sub-rentals should be encouraged in the Sites and Services and Slum Improvement schemes of the urban area. Standards may have to be changed to provide for more than one household self-occupied houses.
- (e) More comprehensive investigations of the rental market would contribute to integrated housing policy decisions.<sup>25</sup> The on-going study of rental housing being conducted by National Institute of Urban Affairs (NIUA) will provide important inputs for this process.<sup>26</sup> □

<sup>24</sup>This amendment to Bombay Rent Control Act, 1947 came into force from October 1, 1987. See K.R. Javeri, "Bombay Rent Control—Amendment Act not enough", *Economic Times*, December 24, 1987.

<sup>25</sup>K. Sunil and Fern Van Den Eerenbeent, "Renting—Its place in the housing market of developing countries" IHS Bulletin No. 13, Netherlands, 1987, p. 49.

<sup>26</sup>National Institute of Urban Affairs, *op. cit.*

# *NGO Implemented Housing Project and Its Effect on Community Development\**

PANKAJ MODI  
and  
PRANOTI MODI

A HOUSE IS a basic need of people everywhere. It provides shelter, safety, privacy and, more importantly, a sense of belonging to the community. It thus provides social roots to individuals. Housing has been viewed as an effective entry point to initiate an overall development process.

Housing is not just a commodity. It is a complex process involving many actors. The role of actors involved in providing housing thus becomes crucial to the developmental process. Inputs for housing become influencing factors for community development. Conversely, community development becomes an essential component of housing projects for low income households, as it acts as a base to trigger off a long-term socio-economic development process. It becomes not only an integrating chain of projects but also motivates the community to raise their quality of housing, and thus of life.

Community development aims at the development of an area's inhabitants. Progress and welfare are synonyms for development. The essential components of community development are, therefore, economic and social. Health, education and social awareness become its integrated components. Community development programmes meshing with housing projects become cause for increasing in participants satisfaction. This implies that there is a need to study housing projects which involves a community development component, in order to understand the linkages between the two.

\*This paper is based on the study conducted by the authors, "NGO Implemented Housing Project and Its Effect on Community Development", sponsored by IHSP, New Delhi.

## THE STUDY

Public and private agencies are making efforts to meet the increasing housing demand. (Non-governmental Organisations—NGOs—have also been experimenting with innovative approaches. Their role has been restricted to demonstrating new approaches to housing the low income groups. This enables public agencies to adopt these demonstrated successful approaches to provide mass housing. While private agencies play an important role in increasing the overall housing stock, it is not feasible for them to cater to the need for cheap housing to a significant extent.

Public agencies direct their efforts to provide housing especially for low income and economically weaker groups. NGOs lay more stress on organised community development. Whether either of the two succeed in promoting community development is an open question. A study was therefore conducted to identify the areas where NGO implemented projects differ from public agency implemented projects; assess the impact of the respective inputs on physical and socio-economic development of the community; and compare the levels of satisfaction in the respective approaches. The two housing projects, identified in Ahmedabad for the purpose were Integrated Urban Development Project (IUDP) implemented by Ahmedabad Study Action Group (ASAG), an NGO and the Save a Rupee a day Scheme (SRS) project implemented by the Gujarat Housing Board (GHB).

It is widely agreed that there is a need for a comprehensive approach in housing low income groups. This is because the physical house is not the sole priority. Economic, social and cultural aspects receive equal emphasis. They thus require a different housing programme from upper income groups who have other ways of fulfilling their needs. The study was aimed to understand both the importance of community development and essential inputs.

## HOUSING PROCESSES

The approaches to achieve the goal largely depend on the policies and the philosophy of the implementing agencies. Gujarat Housing Board is a house building agency catering to different income groups, with a supposed emphasis on economically weaker sections. It is a target oriented, engineer dominated agency whose role is mainly that of housing providers. Ahmedabad Study Action Group is a non-governmental, broad-based multi-disciplinary organisation. It has been conceived as an assertive advocacy organisation.

There are many areas of differences in the processes adopted by Gujarat Housing Board and Ahmedabad Study Action Group for

implementing housing projects. Some of the important ones are: objectives, project formulation, project planning, resource mobilisation, implementation, post occupation involvement, and feedback.

The primary objective of ASAG is to promote housing for depressed communities in the development context. They consider housing as an entry point for overall community development. The primary objective of GHB is to provide housing to augment the stock and bridge the gap between demand and supply. They consider housing primarily as an engineering activity.

GHB's project formulation adheres to government policies. Projects are formulated on the basis of availability of land, finance and other infrastructure. They unilaterally formulate their projects for faceless client groups. In the case of ASAG the stress is on the problems of low income groups. These problems are investigated, identified and projects are formulated in specific contexts. The people affected are consulted, and their role in decision-making is enhanced.

GHB's project planning is done as per conventional norms. It lacks innovative approaches in planning. The designs are generally guided by the perception of its planners, and do not consider the views of, would be users. ASAG's planning processes consider users' reactions to alternatives, as a key decision-making variable in its project brief. It attempts to maximise user's satisfaction within limitations by viewing housing project as a platform to motivate and mobilise community action. Projects are planned in a comprehensive manner in order to influence community development. GHB's construction is done by contractors with the supervision of inhouse engineers. The target group has got no say about quality of construction and workmanship. Many a time, even the occupants are not identified in advance (lots are not drawn) which makes it impossible for them to interfere (interact). ASAG's project considers the occupants as a key group to supervise the quality of construction and its specifications. Many a time even during construction, the ideas of people on some changes in design or specifications are considered and reviewed. Alternative organisational forms are evolved to make people more responsible for supervising and monitoring the construction.

The allocation of houses in the case of GHB is by drawing of lots, if the applications outnumber the houses as they usually do. This assumes the group of applicants to be a socially cohesive group. It does not give people choices about their neighbours. ASAG consultants meet the occupants and discuss the project layout in order to explain what they will have to share with their neighbours in terms of open spaces, verandah, services, etc. Then people are asked to give choices about their neighbours, according to which the allocation plan is prepared.

GHB's projects lack post-occupation work, in terms of helping the

community to organise and to promote other developmental activities (physical/social/economic) in the settlement. They organise the allottees only to the extent of calling a general meeting before giving physical possession in order to form an association of residents, which can take care of maintenance once the houses are handed over. ASAG uses peoples' groups organised during the inception, planning and implementation stages to promote the socio-economic development of the community. Its programmes include components like skill upgradation programme, and income supplementation programme. It plays a facilitative role in promoting development activities and even gets involved in the core part of these activities, which makes it difficult for it to withdraw at a later stage.

#### SRS PROJECTS

The SRS project of the GHB was part of a Central Government Scheme in 1971. It was envisaged that interested people should save one rupee a day to acquire a house. The project is in Amraiwadi, about 7 kms. south-east of the city centre. It is close to the industrial belt. there are 1350 houses planned on 32 acres of land. The project was implemented in three phases. The first phase consisted of 216 houses, The second consisted of 1134 while the third had 708 houses. The demand survey was carried out in 1972, and the possession of the houses was given in 1976.

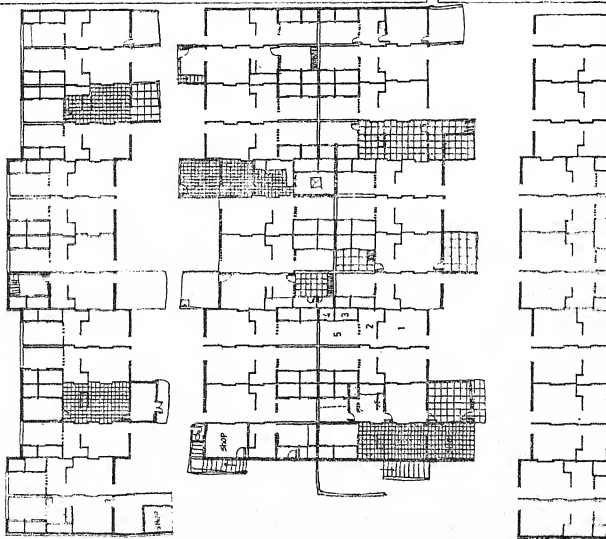
The layout is one of row houses with back to back courtyards. The plot size is 10'-9" x 30'-0". They have multipurpose room, a kitchen, a bathroom and a WC. In the first phase of the project, GHB used CBRI developed cellular concrete units with precast joints as roofing material. The walls are 4½" thick brick, having 9" brick piers as stiffeners. The project is provided with utility network, local shopping, open spaces and a site for community hall (see Drawing 002 on next page).

At the time of handing over possession in 1976, the cost of the house was Rs. 9,300 for which Rs. 1,580 was paid initially. The equated monthly instalment was Rs. 69 with a repayment period of 25 years.

Data collected through primary survey has revealed the following facts:

- Almost 50 per cent households have reported to be new-comers and remaining 50 per cent are original allottees.
- More than 97 per cent households are found to be Hindus.
- The average household size is found to be 5.24 (5.16 for original allottees and 5.27 for new-comers).
- Twelve per cent of population is below 5 years. Thirty four per cent of population is between the age group 6-17 years. Between the

1	LIVING	10'-9" X 13'-0"
2	COOKING	10'-9" X 5'-4 1/2"
3	BATH	3'-3" X 5'-4 1/2"
4	W.C.	3'-3" X 4'-0"
5	COURT YARD	7'-1 1/2" X 10'-1 1/2"
TOTAL BUILT UP AREA - 262.0 SQ. FT. PER D.U.		



NGO IMPLEMENTED HOUSING PROJECT AND  
HSP RESEARCH CYCLE 1986

S.R.S. AND JAWADI

002 CLUSTER PLAN

DRAWING 002

age group 18-24 years, there is 11 per cent population and 40 per cent population is reported to be between the age group 25-59 years.

- The sex ratio is found to be 901 females for 1000 males.
- Thirty-one per cent of population is reported to be student. Twenty-five per cent is found to be employed and 1 per cent unemployed. Twenty per cent of population is involved in household work and 15 per cent is the dependent population.
- Sixty-seven per cent households have one working member in their family and 28 per cent households have two working members in their family. Average working members per family is found to be 1.29.
- The average monthly income of households having one working member is Rs. 962 (Rs. 1,014 for original allottees and Rs. 910 for newcomers). Households with two working members in the family are having an average monthly income of Rs. 1,647 (Rs. 1,881 for original allottees and Rs. 1,414 for newcomers).
- Out of the total workers reported, 54 per cent are employees and 46 per cent are self-employed.
- Fifty-three per cent of the households have a monthly income between Rs. 751-1,500. Sixteen per cent of the households have monthly income between Rs. 501-750. Twelve per cent of the households have monthly income between Rs. 251-500.
- Majority of workers reported as employees are travelling to the distance of less than 6 kms. In case of self-employed workers, 66 per cent have work place within 1 km.
- Four per cent houses are used as Residence-cum-shop. Another 12 per cent houses are used as residence-cum-work place and 84 per cent houses are used for residential purpose only.
- Sixty-six per cent of new comers have moved here before 1980. Majority of them were tenants residing in chawls. Ninety-eight per cent original allottees were tenants residing in chawls, poles and societies. 'to own a house' and 'better house type' are important reasons expressed for shifting. Nearness to community/work place was the next important criteria for deciding upon the change.
- Seventy-four per cent of the households have made some alterations in their houses. Almost thirty-six per cent of altered houses have seen the change in wall element.
- Eight per cent houses have an additional floor. Fifty-seven per cent have extended covered enclosed spaces, eighteen per cent have open enclosed spaces, ten per cent have covered open spaces and fifty-three per cent have extended open verandahs/ottas.
- Sixty-one per cent inhabitants are dissatisfied with the adequacy of water supply. Building materials used for construction and quality

of construction are two main aspects for which majority of them are dissatisfied. Inhabitants are fairly satisfied with aspects like size of the house, design, light and ventilation, etc. Location of houses was the main factor which gave them lots of satisfaction.

- Maintenance of services like sewerage and drainage, garbage disposal and maintenance of open spaces are the aspects at neighbourhood level where inhabitants have expressed dissatisfaction. They are fairly satisfied with rest of the provisions.
- Although the provision for community hall and local shopping has been made in the site layout, GHB has failed to provide these facilities. These sites are used as garbage dumps.
- The Association of residents is active to the extent of vouch for the maintenance of physical infrastructure. It is not in a position to influence the community for repayment of loans. Social organisation like Yuvak Mandals formed for different clusters organise and celebrate festivals from time to time with active participation of local community. Women of the settlement showed concern for absence of initiative for economic activities which they could do in spare time.

#### IUDP PROJECT

The IUDP project of ASAG was conceived for those slum dwellers residing on the banks of the Sabarmati river whose houses were washed away by floods in 1973. ASAG identified the need and laid emphasis on comprehensive development. The Ahmedabad Municipal Corporation (AMC) responded positively and initiated action to formulate a viable programme. The allottees were identified by ASAG based on the criteria laid down by the AMC.

The Government of Gujarat offered 43 acre outside the city limit at Vasna, 7 kms. south-west of the city centre, for relocation of flood victims. Despite its shortcomings, the site was selected to avoid delay. The decision was made after consulting an informal council of community leaders representing their respective clusters. Rs. 350 per family as housing subsidy came each from the Chief Minister's Relief Fund, as well as the Government of Gujarat, OXFAM contributed Rs. 400 per family, and a grant of Rs. 2,00,000 for the social action component. HUDCO gave a loan of Rs. 1,600 per family at 6.5 per cent interest with a repayment period of 20 years. AMC provided the amenities free of cost.

The project was divided into three stages—the improvement phase which consisted of surveys, interviews, and organising the community for decision-making, the movement phase, and the post-movement phase.

The layout consists of 10 sectors in the cluster pattern as found in slums. A system of inter-linking and overlapping open spaces was designed to facilitate interaction between clusters. The design of the settlement pattern responded to the occupants' choice of neighbours. Each allottee was asked to determine a three level relationship—choice of a family to share the toilet, three families to share the backyard, and three families to share the courtyard. The old clusters were superimposed on the new site plan to make the allocation.

The cost of the dwelling unit was limited to Rs. 2,900. The houses were planned back to back having rear yards. Toilets are shared by two families. The houses are single room with alcoves for cooking and storage, front verandah and a chowkdi, bathing and washing space. The allottees were consulted at every stage. The designs were explained with the help of large scale models and actual demonstration on site. (See Drawing 003 on next page).

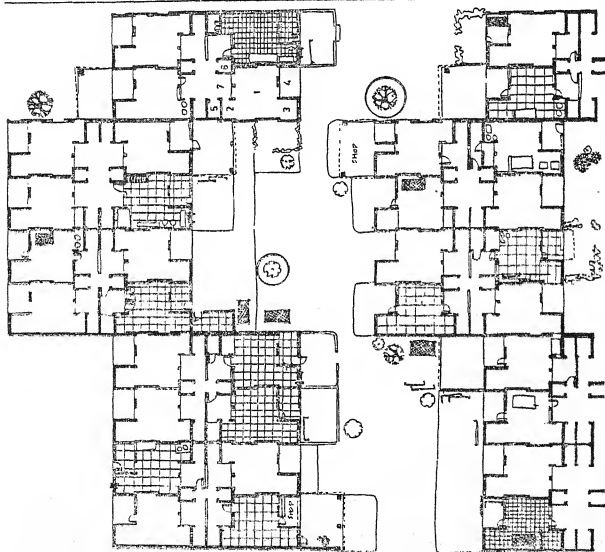
The walls are built by brick with mud and cement mortar with mud and cowdung for plastering the walls and floor. Asbestos sheets are used for roofing. Basic amenities are also provided.

The IUDP attempted to implement income supplementation programmes like Crochet Training and Production Centre, Ambar Charkha Centre, Patchwork Centre, Carpentry Training and Sewing Centre. Arrangements were also made with nationalised banks to provide easy instalment loans for the purchase of a bicycle. To support small entrepreneurs, credit referral was attempted with nationalised banks.

There were many problems encountered in the implementation of various programmes of the social action component. Community organisation and mobilisation have had limited success because of inter and intra group tension and conflict. The multiple leadership and the failure on the part of AMC to build facilities prevented the fulfilment of the allottees' expectations.

Primary data analysis has revealed the following facts:

- Forty per cent of households are newcomers and fifty-seven per cent of them are original allottees.
- Forty-two per cent of new comers have come before 1980. Another twenty five per cent of them have come between 1982-84.
- Eighteen per cent of households are Hindus and eighty per cent are Muslims. According to preproject data, it was fifty-five per cent and forty-five per cent respectively.
- Out of forty per cent newcomer households, ninety-three per cent are Muslims and three per cent are Hindus.



- 1 MULTIPURPOSE ROOM 12'-3" X 10'-0"
- 2 KITCHEN ALCOVE 5'-0" X 3'-0"
- 3 STORAGE ALCOVE 5'-0" X 5'-0"
- 4 VERANDAH 7'-3" X 5'-0"
- 5 BATH ROOM 5'-2 1/2" X 3'-4 1/2"
- 6 TOILET 3'-0" X 3'-0"
- 7 BACKYARD 5'-4 1/2" X 6'-4 1/2"

TOTAL BUILT UP AREA - 256.43 SQ FT PER DU

NGO IMPLEMENTED HOUSING PROJECT AND  
ITS EFFECT ON COMMUNITY DEVELOPMENT  
IN SP. RES. ARCH. CIRCLE 1996

JUDIP VASNA

003 CLUSTER PLAN

- The average household size is 6.27 persons, which was 4.56 persons during preproject survey.
- Seventeen per cent of population is below 5 years. Thirty-three per cent of population is between the age group of 6-17 years. Eleven per cent of population is between the age group of 18-24 and thirty-six per cent are between 25-59 years.
- Twenty per cent population is student. Twenty-five per cent is employed and nine per cent is engaged in household work. Forty-one per cent is dependent population.
- Forty-eight per cent of the households have only one working member and thirty-three per cent of them have two working members in their family (respective figures of preproject survey are sixty-eight per cent and twenty-three per cent. There are on an average 1.67 working members per household (1.90 for original allottees and 1.34 for new comers).
- Average monthly income of households having one working member is Rs. 575 (Rs. 512 for original allottees and Rs. 637 for new comers). It is Rs. 768 for households having two working members and Rs. 1084 for households having three working members.
- Sixty per cent of workers are employees and thirty per cent of them are self-employed. (The same for original allottees is sixty-three per cent and thirty-seven per cent.
- Twenty-nine per cent of workers are travelling 10-12 kms. to earn their livelihood. Twenty-seven per cent are rickshaw drivers or truck drivers. Only ten per cent are travelling less than 1 km. of which eighty per cent belong to original allottees.
- Thirty-four per cent households have monthly income between Rs. 251-500. Monthly income of nineteen per cent households is between Rs. 501-750 and for twenty seven per cent it is between Rs. 751-1000. Another twelve per cent households have monthly income between Rs. 1,001-1,500.
- Three per cent of houses are used as residence-cum-shop and another three per cent houses are used as residence-cum-workplace. Rest ninety four per cent houses are used for residential purpose only.
- Forty-three per cent households have come from the walled city and riverbed. Another thirty-four per cent households have shifted from eastern part of the city. Sixty-seven per cent of newcomer households were staying as tenants before. Newcomer households were staying in pole (thirty-three %), Chawl-twenty-one per cent and slum (seventeen %) before coming here.

- ‘to own a house’ and ‘better house type’ are the important reasons expressed for shifting here. Eviction from previous house is also found to be an important reason in their view.
- Eighty-three per cent households have made alterations in their houses. Out of the households who have altered their houses, twenty-three per cent have altered wall and floor, fourteen per cent have changed only floor and seventeen per cent have altered wall, floor, roof and openings.
- Forty-one per cent houses have additional covered enclosed spaces, forty-eight per cent have open enclosed spaces and twelve per cent have covered open spaces. Forty-six per cent have extended their houses by enlarging open verandahs/otta.
- Absence of electricity connections is the major cause for dissatisfaction for original allottees as well as newcomers. The shared WC is another cause for dissatisfaction. Inadequacy of water supply is third reason for dissatisfaction. Inhabitants are fairly satisfied with size and design of the house.
- Non-functioning of street lights and garbage dumps in the settlement have made many residents dissatisfied. They are also dissatisfied with maintenance of sewerage and drainage lines. Inhabitants are fairly satisfied with health facilities, informal/self-developed shopping facilities, open spaces, and public transport.
- The IUDP lack an influencing community organisation. Sankalitnagar Action Committee, a caste-based organisation is trying to instal electric connections. Every sector has some known leader.
- Mahila Cooperative Patchwork Centre and Sewing Centre are the two activities run in community hall to train and support the women. But their coverage is very limited. Sarjan, an innovative project for children is run at three centres in the settlement. The activity benefits about 250 children of the settlement.

#### FINDINGS

Forty per cent of the households have moved out of the settlement. This has happened despite the efforts made by ASAG to overcome this in the initial stage itself.

A few inhabitants left their houses and went to their original places immediately after shifting to Vasna. Their neighbours stated that they could not afford the recurring time and cost of travelling over 6 kms. everyday (much greater than in the SRS Project) as many of them were daily wage earners. The second reason for the high turnover is that people started realising that these houses were assets to be sold for

fulfilling their other priorities. Thirdly, strong community feelings forced many households to leave the settlement.

However, there was no untoward incident reported during the recent communal riots. It is emerging as a Muslim dominated settlement with more than 80 per cent Muslim households.

In the case of the SRS project, almost 50 per cent of the houses have changed hands. This is because of the faulty selection procedures where the households' income group was the only eligibility criterion. The leakages are also due to inability of providing cheap houses, thus unaffordable by majority of the target group which allow upper income groups to dominate the scene. *Location in proximity to job opportunities and affordable housing are the important aspects for Low Income housing projects.*

The average household size in the IUDP project is over 6.3 which is much higher than the city's average of 5.49. Many of them are dissatisfied with the size of the house. The average household size in the SRS project is 5.2. *House design should be flexible to provide for incremental need of the household.*

The percentage of the children in the group 6-17 attending school in IUDP project is less than the SRS project, although there has been considerable improvement over preproject levels. *Proximity to educational facilities along with motivational input should be provided.*

Even though the average number of working members per household is higher in IUDP compared to SRS, the average income per earner is higher in the SRS project. This is mainly due to the nature of the job which they are doing. The average monthly income of households in SRS is much higher than the intended beneficiaries' income group. In case of IUDP households, the inhabitants have improved their economic levels. *Training and skill upgradation of the inhabitants should form the integral part of the project. Entrepreneurship of people is a potential which needs to be tapped.*

The majority of the workers in IUDP are employees. The percentage of self-employed workers in the IUDP project is lower than in the SRS project. Self-employed workers in both the projects are earning more than the employees.

Even though ASAG made efforts to train the people, and also arranged easy instalment loans for purchasing bicycles, sewing machines, etc., to supplement their income, it had a very limited impact. The only economic activities running today in IUDP are Mahila Patchwork Cooperative Society which supports 52 women and a sewing centre. The other economic activities planned could not be sustained. *Provision of economic work centres providing earning opportunities within*

*the project shall help a great deal. As it will provide employment options without spending much on travel, thus saving on transportation. Role of women need to be enhanced.*

A majority of those households who were not original allottees in IUDP had stayed in poles (traditional housing) and chawls in the old city. The overcrowding in poles and insanitary and dilapidated conditions in chawls induced many households to relocate. A majority of these newcomers were staying as tenants. In the SRS project, most of the households have moved from the nearby areas, they were found to be staying as tenants in chawls. While better housing was the main reason for these households to shift, eviction threats also played an important role. *Improvement strategy along with tenure security should help lowering filtration.*

A large number of households in IUDP have made alterations in their houses. As the houses were not provided with finished walls and floor, a majority have got the walls cement plastered from inside and IPS or mosaic tile flooring. Many of them have raised the height of roof to have better ventilation. In the SRS project, the majority of households have made some changes in their houses by raising the height of partition wall between a room and a kitchen or the wall dividing backyards. More than 40 per cent of the IUDP houses have been extended covered enclosed spaces. The site layout provides advantageous locations to some where this is possible. Some houses have open enclosed and covered open spaces using temporary materials. In the SRS project, a few houses have one more floor. More than 50 per cent houses have extended covered enclosed spaces. Staggering of units in the street provide space to some families for encroachment. *There is a need to channelise efforts of the people as people have resources to build and create additional spaces.*

Even though strong community work was done at the initial stage, ASAG later discontinued its activities due to Court cases in which ASAG was held responsible for reselling of houses. At a later stage, it was the AMC which was found to be responsible. This was a major setback where ASAG lost its interest in working with community. The leadership which was formed in the pre-movement stage, continues to represent their communities. However, multiple leadership has fragmented the community into small groups. Most of these leaders exploit their communities for their vested interests. *Efforts for community development should be sustained till the time the community is on strong footholds.*

Since AMC failed to provide community facilities, bulk default of repayment took place. The high default rate is also due to lack of strong recovery mechanisms. As a result, today not even a single house-

hold is repaying instalments. *Community facilities should be built along with the house construction, project cost should include the cost of its provision.*

### CONCLUSIONS

The Integrated Urban Development Project has attempted a people-based approach and an action-research methodology. It provides insights into the complexities of the problem of dealing with low income households.

It is evident from the study that it is not possible to solve the problem of this group by providing houses only. A comprehensive approach incorporating social, economic, educational and motivational inputs is required.

High residential turnover, low earnings of workers, education of children, maintenance of utility infrastructure and lack of community facilities are major shortcomings of IUDP.

Comparatively, SRS project having advantageous location with respect to employment opportunities is better placed. However, high turnover, maintenance of utility infrastructure and lack of community facilities remain to be problem areas.

High turnover in case of IUDP is attributed to the distance, communal tensions whereas in the case of SRS, it is lack of affordability due to which upper income groups have taken over. Lack of sustained efforts and mechanisms have led to low earnings of workers of IUDP.

Maintenance of utility infrastructure is neglected by AMC because of high default rate. Community facilities which AMC failed to provide, are concerns of the community.

The above conclusions pose following hypotheses for further research and action.

Should involvement of agencies providing integrated services remain on fringes as tremendous involvement make people dependents and results in phenomenal rise in expectations?

Should public agencies have a special infrastructure to play an alternative role to provide integrated developmental services?

Should there be a provision of separate budget for providing social and community inputs?

What inputs or mechanisms are required to check turnover.

What is the possibility of involving financial institutions to support small entrepreneurs on a large scale, as it is necessary to consider income supplementation activities as an extension of the housing activity?

Should a feedback study form an integral part of such projects to

utilise experience meaningfully. Entrepreneurship of people is a potential which can be tapped by skill upgradation and mechanisms to support these people.

Information sharing and proper communication links are basics of community involvement. What kind of system needs to be evolved?



## *Improvement of Slums, Squatter Settlements and Sites and Services as a Strategy for Urban Shelter*

H.U. BIJLANI

AS IN economic planning, in urban planning and decision-making also, the crux of the matter is in balancing probable gains versus possible losses. In the case of economic planning, it is money whereas in the latter, it is quality of life. The need of the poor, the greed of the rich and inadequate planning coupled with inappropriate application of technology in urban planning has made the problem here also more economic rather than social. The benefits of industrialisation have not reached the country side and the various programmes and policies formulated by the government to divert economic policy to small and medium towns have not achieved the desired results<sup>1</sup> About 350 million people live in such abject poverty that they cannot perform an adequate day's work for lack of sufficient calorie energy.<sup>2</sup> In the sphere of housing about 45 per cent of entire urban population lives in the type of housing, which is to be found in squatter colonies. This has been disclosed in a paper prepared by NBO for National Commission on Urbanisation.<sup>3</sup> Four million people which again works out to 45 per cent of the population, live in slums in Bombay. Delhi has a similar percentage of population living in squatter colonies, and another 25 per cent in unauthorised colonies. Buch, Vice-Chairman of National Commission on Urbanisation, in his recent article tells us: "Both casual observation and detailed surveys conducted by competent authorities would indicate that almost the whole of urban India is not only already blighted by slums but is likely to continue to be so in the coming decades".<sup>4</sup> Says Sayed Shafi: "Provision of decent housing or what is now

<sup>1</sup>"Trek to Slums", Editorial, *The Hindustan Times*, August 12, 1987.

<sup>2</sup>"India Report Highlights", *Population Reports International*, Washington, DC.

<sup>3</sup>NBO, Report prepared for *National Commission on Urbanisation*.

<sup>4</sup>M.N. Buch, "The Mess That is Urban India". *The Hindustan Times*, September 2, 1987.

euphemistically called 'Shelter', is one of the basic necessities for civilised existence of any people. In this respect India's record after four decades since independence has been dismal. There are today a vast number of families totally shelterless, while a great many of others live in sub-standard, dilapidated dwellings in virtual slum conditions. Then there is a growing number of families living in jhuggi-jhopris or jhopad-patties—slums. Besides, there are tens of thousands of men, women and children who spend their nights sleeping on the foot-path; that is their only Shelter".<sup>5</sup> According to relative estimates, the housing deficit is currently between 30 to 40 million dwelling units.<sup>6</sup> To top it all, the population growth rate has increased during the 1970's from 1.9-2.0 per cent to 2.1-2.2 per cent higher than in 1960 (2%) or 1950 (1.8%), and now appears to have levelled off at 2.1 per cent annually, sufficient to double India's 800 million population every 31 years.<sup>7</sup> The effect of such a proliferation in the field of housing is only obvious and provides a direct and unwavering strategy for Urban Shelter, namely, upgradation of slums, squatter settlements and sites and services for the over-whelming majority.

Housing has never been a first love or on a priority list of our establishment. Percentage allocations in the field of Housing and Urban Development have been on the decrease in our five year plans and programmes. But at least every plan provision indicated a clear-cut approach and action programme. Now with the advent of governments' paper on National Housing Policy even spelling out the action programme has been willfully left out. The draft National Housing Policy as such has been termed as a document of 'myths', 'fairy tales' and 'a half baked document full of pious platitudes'.<sup>8</sup> Even otherwise, slowly but steadily for the last three decades 'Housing' yielded its place first to 'Low Cost Housing' and then to 'Shelter' and ultimately the establishment has been using the word 'affordable shelter'—largely because it is not only politically suitable but also absolves the government of its financial burden. It is precisely for this reason that the government changed its policy of "bull-doing the slums" to "Environmental Improvement of slums" and simultaneously undertaking the programmes of regularising uncontrolled settlements, providing infrastructural facilities to the "down-trodden" and "have-nots" termed as 'EWS' or Economically Weaker Sections of Society but leaving out pavement dwellers and others squatting on government's golden lands. The 'Housing'

<sup>5</sup>Sayed S. Shafi, "Not by a Housing Bank Alone", *The Statesman*, December 3, 1987.

<sup>6</sup>*Ibid.*

<sup>7</sup>"India Report Highlights", *op. cit.*

<sup>8</sup>H.U. Bijlani, "Housing Policy Draft or, a Book of Fairy Tales", *The Statesman*, November 6, 1987.

today, as such, is not only beyond the reach of the poor but also the urban educated middle class. Visit to slums like Dharavi in Bombay and Kotla in Delhi would show that even senior government officials stay in those areas and many are housed in the servant-quarters of recently developed colonies like Panchsheel and Vasant Vihar in this Capital city. Thus one witnesses many retired Secretaries and Joint Secretaries as tenants of some of their erstwhile Office-Superintendents who became members of such Cooperative societies in Delhi at an appropriate time.

#### SLUM UPGRADATION AS THE STRATEGY FOR URBAN SHELTER

Up till now we have been viewing such programmes through the environmental improvement projects sponsored by the central government. These are, by and large, programmes providing far infrastructural facilities like dust-proof roads, water-hydrants in form of public posts, community toilet facilities, electric poles for street lighting, etc. Lately, however, there has been a change in such programmes specially those funded by bi-lateral aid from the UK Government under the ODA assistance. The stress here is on socio-economic inputs. Even though 70 per cent of the programmes financially may, comprise of engineering infrastructure and only 30 per cent financial input is for socio-economic programmes; the evaluative studies indicate that the beneficiary fall out on the slum dwellers through such socio-economic programmes is far greater in relative terms.

#### OBJECTIVES AND APPROACH OF SOCIAL AND ECONOMIC INPUTS

Social and economic objectives for a slum up-gradation project can be mainly grouped as follows:

- (a) Identification and improvement of social conditions.
- (b) Making special effort to achieve active and conscious participation of slum target groups in finding appropriate solutions of their own problems.
- (c) Locating and strengthening of community based organisations.
- (d) Locating and establishing neighbourhood spread on the basis of social coherence.
- (e) Locating local leadership and making provisions for their training to develop their initiative.
- (f) Often the infrastructure services and social welfare schemes remain unutilised or only partly utilised. More than often these are also not maintained properly. It is one of the most important

objective of these inputs to see that appropriate steps are taken to ensure fuller utilisation and maintenance of these services.

- (g) Identifying appropriate income and employment generating schemes with a view to raise the economic standards of the poor strata of slum dwellers.

One of the most important aspects of managing the slum up-gradation programme is arranging interaction between both the physical and social inputs. Involvement of the community and self-help are two essential features in mobilising the slum dwellers to seek their own solutions in improving and maintaining community facilities, physical environment, even better housing provided the programme is aptly buttressed by appropriate educational and training facilities. Such programmes provide linkages with out-side sources and organisations like banks, financing institutions, local and other government agencies, NGOS, each providing a service hitherto unknown or unapproachable to the slum dweller. Thus these programmes provide facilities of integrating the slums with the wider urban community. Perhaps nothing can illustrate the advantages of social and economic inputs better than the visible advantages accruing to slum dwellers from one important political decision to give legal title to the land on which they live in the up-graded slum.

Before any work begins in a slum, it is essential to have a 'slum profile' for each community. In fact involving a community specially with a view to identify their most urgent problems and possible appropriate solutions is an essential preparatory process. The project must collect, by visiting house-holds, demographic, social and economic information depicting a true picture of the community's conditions and in fact this data will help in structuring what has been termed as a slum profile. It is also important to identify existing organisations working in the slums based on their activities, caste, religion, etc. These can also be in the form of youth or women's organisation or belonging to well established agencies like Rotary, Lion's Club, etc. One way of establishing contact and liaison is to constitute welfare committees both at apex as well as grassroot levels. At the apex level, such NGO's can bring forth their programmes for support from official agency assigned with the job of up-gradation and at local level, the contact is maintained through the community workers.

#### IDENTIFYING SOME OF THE ACTIVITIES

There is a wide range of socio-economic activities which can be undertaken in a slum. We shall try and identify here some of the more com-

mon activities which can be provided or activated:

- (a) Balwadies for pre-school education and creches.
- (b) Cultural and recreational facilities like group dancing, music, gymnastics, etc.
- (c) Programmes in vocational training like typing, draftsmanship, sewing classes for women, etc.
- (d) Economic support activities which, besides arranging financial support through bank loans, needs non-formal education in entrepreneurship, formation of cooperative and vocational training in repairs, maintenance, purchase, use and sale of tools, equipments and finished goods. Some popular training programmes in this respect have been auto-rickshaw driving, radio mechanics, watch repairs, air-conditioning, refrigeration, etc.
- (e) An important non-formal but very effective means of up-grading and sharing constructional skills which may later have an income earning potential is the house repair, renovation or building programme. Here awareness to various programmes available at state or national level and what those programmes can achieve is very important. Exchange programmes, seminars and visits to successful housing projects elsewhere can be made as part of the total project.<sup>9</sup>

Providing Community Halls in groups of slums besides running above activities in rented accommodation already existing in a slum is an essential component to be designed and undertaken in right earnest. However, care should be taken to see that such structures are not misused as contractor's cement go-downs or the overseer's residential quarters or the rendezvous for the bad elements.

#### HEALTH ASPECTS INCLUDING HEALTH EDUCATION AND PROMOTION

The physical infrastructure in form of potable water supply, community pour-flush latrines or underground sewerage system, dust-proof roads, drains, street lighting and garbage pick-up, street level masonry enclosures, in itself has a significant impact on health. There are many problems with the community latrines and this aspect of sewage disposal has to be carefully planned and managed. There are a large number of alternatives between the primitive pit privy at the one end and the costly as well as sophisticated underground water-borne sewerage system at the other. The maintenance aspect of this service is the most important and

<sup>9</sup>"Report of ODA Team Visit to Hyderabad Slum Improvement Project", February 20-26, 1984.

one feels the same will have to be tackled by social scientists rather than the public-health engineers. The obvious solution is to provide individual toilets for each house. However, this is not always feasible in most of the existing slums.

#### THE CURATIVE AND THE PREVENTIVE APPROACH

There is often a conflict in such programmes and generally the superior medical infrastructure feels that it is the curative approach which ultimately counts and wins the heart and confidence of people and therefore should be in full control of the health aspect of the slum. What is not appreciated is that slum up-gradation programmes are not seeking to provide a parallel medical curative system for the slums in the city but only a guiding, educative machinery to ensure that an ordinary slum dweller can avail of the existing medical facilities in a city as any other citizen can do. Often the aid providing agency can integrate and upgrade the facilities for the whole city—but that is rarely the case in slum up-gradation projects nor the same should be expected from such programmes.

#### IMMUNIZATION OF CHILDREN AND PROVISION OF ANTENATAL CARE

A major health initiative in programmes of this type can be to provide for health immunization of children and provision of antenatal care. Normally it is expected to cover 75 per cent of children under five years age with DPT, Polio, BCG and Vitamin 'A' supplements. Similar coverage of school age children with diptheria, tetanus booster and typhoid immunization is also expected. Also women receiving antenatal care and others who want to attend the on-site clinics with minor ailments should be able to receive attention.

#### RULE OF SOCIAL WORKERS IN HEALTH PROMOTION AND HEALTH EDUCATION

Normally the health visitors are employed in addition to the community workers. The main effort is to develop a close relationship with the slum dwellers—a relationship built on mutual trust and a proper knowledge and appropriation of the Community's strength and problems. The major thrust can be through the health problems of the community which help build up a close relationship and confidence. However, to reduce costs, it may be appropriate to investigate the feasibility of the expanding role of community social workers or Basti Sahayaks to take up the work of promotion of health and its education amongst the target population. This needs careful thought and planning since it may not

be practical to broaden the duties of community social workers without recruiting appropriate staff and imparting adequate and periodical training to enable them to be able to play this extra role successfully. Health education in such programmes needs to be buttressed by experts with skills to explore underlying sociological and cultural factors, and the ability to relate these to the design and conduct of educational programmes. Effective health education is not easily designed and resources can be wasted on educational programmes that bring inadequate results.

#### VOLUNTEER URBAN COMMUNITY HEALTH WORKERS

Most of the slum children are born at home attended either by 'dais' or female relatives. Very few of them are born in health institutions. The first health initiative can be to locate and train dais in the localities. Following preliminary survey was suggested in one of the no-going projects:<sup>10</sup>

- (a) Proportion of birth looked after by:
  - (i) Dais,
  - (ii) Female Relatives,
  - (iii) Locally trained midwives,
  - (iv) Health institutions with trained staff, and
  - (v) Others.
- (b) Locate and identify dais covering various localities with numbers of deliveries attended by them in the past, say, one year.
- (c) The survey should enquire if the dais is prepared to undergo training.
- (d) Identify alternatives to training dais and examine cost effectiveness of alternatives.

Yet another important aspect would be to identify slum-dwellers both male and female who could be trained as health promoters or health workers both voluntary or otherwise. One is often on a look out for younger people, specially school drop-outs. There is another school of thought that feels, "they should be relatively older, respected, enthusiastic members of the community who would act as catalysts for the promotion of healthy living within the slums. They would be required to work closely with the medical teams and/or other community health services encouraging maintenance of personal and community hygiene, immunisation of children and pregnant women through attendance

at child welfare and antenatal clinics, promoting family spacing, teaching mothers how to make oral rehydration solution, etc".<sup>11</sup>

#### MONITORING AND EVALUATION OF SLUM UPGRADATION PROJECTS

Although monitoring and evaluation is an important aspect for all projects, it is more so in respect of slum up-gradation projects when socio-economic inputs and infrastructure are the main ingredients. It can be that decision makers are either flooded with excessive information or, on the other hand, they are receiving scanty and inadequate information. Often, the information can also be presented in an incoherent and unintelligible form. When information is furnished in such a manner, it can rarely be analysed. One can collect great mass of information without the same being of any use in monitoring the project specially when the same covers a large number of slums. The monitoring activities can well cover periodic progress reports on infrastructure components, social and economic programmes, slum and family profiles, photographic records, etc. More important is a continuing search for innovative ideas which can be put to practice, on a small scale, results watched and then decision taken about wider application. Similarly, statistics on achievements need to be compared with targets—demographic, physical and financial. It is also essential to improve the presentation of data so that the same is tangible in making managers take decisions. The statistical reports should be supported by summary tables, percentage calculations, charts, graphs and other visual presentations. The monitoring committee must meet at regular intervals to deliberate on such presentations preferably at monthly or latest at quarterly intervals. For proper evaluation of the project, number of inter-dependent studies have to be carried out during execution and subsequently after completion of the project. The more important will be house-hold surveys initially to establish a base and later to compare and be on look out for the direction the project is taking. This will help in taking corrective steps in time and finally a post-evaluation survey will establish the extent of impact of the project. These major evaluation studies can be supported by "health and nutrition" studies, income and employment generation surveys, anthropological studies of social processes, etc. These are important in understanding how changes take place at the micro level over time, how the processes associated with changing forms of external interventions are worked out at the micro-level and impact on the lives of individual slum dwellers.<sup>12</sup>

<sup>11</sup>Eidawn Report for the Overseas Development Administration, London and Government of India, 1986.

<sup>12</sup>"Sites and Services Projects", *A World Bank Paper*.

## SITES AND SERVICES AS AN STRATEGY FOR URBAN SHELTER

The concept of sites and services is primarily used to cover a wide variety of projects in which urban land is developed for providing shelter to economically weaker sections of society. Often the concept is developed on lines of plotted development for weaker sections but there is a subtle difference. Building plots for shelter with basic infrastructure of potable water, waste disposal, access ways, solid waste collection, etc., is a useful input for urban shelter for poor strata in general, but "site and services" at the project formulation stage identifies the beneficiaries, their income groups, total number of the target group alongwith likely growth and then goes on to prepare the project for them and in the process pass through following specific stages. In fact the World Bank paper suggests these stages as a brief checklist for sites and services projects.<sup>13</sup>

*The Over-View of the State of Art*

At the national level, the government has set up National Commission on Urbanization, announced Draft National Housing Policy, set up a Housing Bank at the apex, etc. It is, therefore, imperative that the consultant formulating the "sites and services" proposal collects information on national and local urbanization trends, policies, programmes and the priorities. Facts on housing shortages, existing low income settlements of various types like unauthorised colonies, squatter settlements, slums up-graded and otherwise will provide an insight in the matter and understand the situation in its totality. Thus it is essential to bare this background information and prepare a framework within which the projects are to be formulated.

*Indepth Studies to help Project Preparation*

Unlike a plotted development project for economically weaker sections or low income groups where the land is divided in plots and then developed for subsequent allotment to people pertaining to a particular group, the "sites and services" scheme requires determination of prospective project beneficiaries, their income groups with capacity and willingness to pay for the type of services proposed in site and services. Such groups are bound to grow in numbers and these projections have to be taken into consideration while determining the scope of project in terms of desirable main components.

Selection of a possible location will naturally depend on availability of land and evaluation of those sites in terms of nearness to sources of employment, availability of trunk services, costs of land, etc.

<sup>13</sup>"Sites and Services Projects", *op. cit.*

*Land Sub-Division Planning and Infrastructure Design for Physical and Social Inputs*

Systems approach to land sub-division planning can be applied for "sites and services" or any other housing development at various levels. The land sub-division process on settlement pattern level generally starts with key land uses or activity patterns linked by a circulation system which is consistent with intensity of use. This process is popularly known by various terms such as, Development Plan, Land Use Plan or Structure Plan. A physical planner then sets to himself the task of land sub-division of different use patterns within a hierarchical system of grouping the dwelling units and related community facilities at various levels. A physical planner essentially works within the overall framework of circulation (channel) system developed and integrated with the broad land use distribution plan. The land sub-division systems based in use of computer have been devised in last 10 years and are primarily based on housing group level (Module level)<sup>14</sup>.

Use of computer, specially in the site layout for a "sites and services" planning helps to produce the most economical design both from the view point of land utilisation as well as the cost of physical infrastructure for a given set of standards. Such a system of design must be encouraged.

Planning and design of social infrastructure has been discussed in detail under the slum upgradation topic and the same will be useful in designing the same in a sites and services project also.

*Project Estimates of Total Costs*

While preparing any project we get into serious trouble when it comes to completion and we find there are tremendous project over runs. This often happens as we do not comprehend many factors in the estimates. An effort is made here to list out some of these. While working the costs of land acquisition and compensation we often over-look cases which go in appeal seeking damages, higher rates, etc. We should therefore be realistic while preparing land acquisition provisions. Site preparation works including topographical surveys and other allied investigations are either ignored or left to the judgement of inexperienced technicians. Items like earth work, levelling and clearing of site, staking out plots of boundaries, road centerings, etc., are often ignored. A very costly component is the trunk services and off site public utilities. In a recent project it was seen at the stage of evaluation that although the underground sewers were provided, the same were not connected to any ultimate disposal points. In other word, such under-

<sup>14</sup>H.U. Bijlani, Joglekar and Mulkhraj, "Sector Model". A Tool for Large Scale Land Sub-division Planning, by a HUDCO Publication.

ground pipes are today acting as septic tanks or storage pipes and one day will prove to be a serious environmental hazard<sup>15</sup>. On-site public utilities like water supply, sewerage, surface drainage, roads and streets, public lighting, telephones, school and health facilities, community centres, shopping, fire, police, postal and garbage disposal facilities are also often under estimated or completely neglected. Project preparation, inflation, maintenance costs are other important aspects of inadequate provisions or complete neglect.

#### *Financing Pattern*

The financing pattern should be backbone of any organisation for its long-term operations and healthy survival. Cost recovery, appropriate definition of allocable cost, apportionment of total costs recoverable from others, amortization of balances, ground rents, payments of property taxes are some aspects of financing pattern which have to be realistically implemented.

#### *Administrative, Organisational and Legal Aspect*

Perhaps the most neglected aspect in our approach to "sites and services" project is our approach to advertising, processing of applications, collection of fees, dues, rents, loan repayments, etc. These are all administrative, organizational and legal aspects which are taken for granted. Serious thought must be given to staffing pattern because normally these projects are undertaken either through national or international funding process which is in addition to normal strength of organisation. Since we neglect the staffing pattern the existing strength—administrative, technical and legal suffers due to additional stress and the project suffers in quality.

#### *Economic Project Evaluation and Affordability Analysis*

Finally, what is important is the direct rates of return using shadow pricing and sensitivity analysis. The rates of return can vary depending upon the amenities provided in form of services, plinth, covered area, etc. The economic analysis will also have its effect on income redistribution and employment generation effects of the project.

Finally the success of a "sites and services" project depends upon the affordability analysis. Here it is not only the affordability of the individual family but also the affordability concept of the government and the two together go to make or mar the success of the project. □

<sup>15</sup>H.U. Bijlani, *Environmental and Engineering Infrastructure of HSIP*, A Council for Social Development Report.

## *Slum Improvement: A Study of Hyderabad*

RATNA NAIDU  
and  
KUSHAL DEB

THE CITY of Hyderabad, famous for many things, for pearls, for its Charminar, for its beautiful lakes and rock strewn hills is now famous for its earnest attempt to solve modern time's most infamous problem, the urban slum. Hyderabad is now the model for the entire country for its slum improvement programme.

The basis for the slum improvement programme in Hyderabad is a comprehensive Urban Community Development programme. This programme in India has attracted international attention and foreign funding. Hyderabad, in particular, has been much in the light for its successful implementation of the Urban Community Development programme in the slums. One measure of its success is the film on the slum improvement programmes in Hyderabad which is shown by international agencies all over the developing countries for their emulation. The more important measure of its success is the large amount of funding which has been sanctioned on a continuing basis by international agencies such as the UNICEF and the British Overseas Development Agency.

In this article we will briefly present some basic facts on the slum problem in Hyderabad, then present in detail the slum improvement programmes and finally a critical assessment of these programmes.

There are now 660 slums in the twin-cities of Hyderabad-Secunderabad with 0.8 million people. This constitutes about 30 per cent of the city population.

In a study published by the senior author almost 10 years ago<sup>1</sup> it was found that at least 26 slums in the city had more than 1,000 persons per acre, the maximum being 3,571 persons living in an acre of land. In a

<sup>1</sup>Ratna Naidu, "A Study of Slums in Hyderabad-Secunderabad", *The Indian Journal of Social Work*, Vol. XXXIX, No. 3, October 1978, pp. 297-312.

more recent study<sup>2</sup> we found that in the slums in the core of the old city, the erstwhile walled area, density was higher than in the new city slums. Although the new city slums have large populations, they are spread over more extensive areas since they are situated on the fringes of the urban settlements. On the other hand, the slums in the walled city have emerged within the built-up city structure on limited areas and population increases have led to very high densities.

More than 50 per cent of the slum houses are *kacha*. However, whereas in the old city the slums have mud walls and country style tile roofing, these being for generations the houses of lower income groups, in the new city, the slums have more crude type *kacha* housing with thatched and tinned roofs. In our more recent study we also found that the old city slums are characterised by a remarkable population stability. Almost all the slum dwellers are living in the same area for more than two decades. In contrast, a great deal of mobility from one slum to another is typical of the new city slum dwellers. Another distinguishing feature of the old city and new city slums is their population composition. The population composition of old city slums is homogeneous, these are either completely Muslim slums or completely Hindu slums whereas in the new city, the slums are much more heterogeneous.

On the whole, the slums in Hyderabad are predominantly inhabited by Scheduled Castes and Scheduled Tribes. The literacy rate in the slums was only 23 per cent in 1978.

Civic amenities in the slums are poor. According to the 1978 study, half the slums in the twin cities were without street lights, sewerage and storm water drains and such other facilities were practically non-existent. On an average, 500 persons or nearly 100 families were sharing one water tap.

The heroic attempt at improvement of the condition in slum areas have to be seen in the light of these basic facts.

The slum improvement programmes were articulated in the context of the Urban Community Development (UCD) programmes which were initiated all over India in the sixties. The UCD pilot projects for the poor started in Delhi in 1958, in Ahmedabad in 1962, in Baroda in 1965 and in Calcutta in 1966.

In Hyderabad, the UCD project<sup>3</sup> started in the year 1967 in an entire ward in the walled city of Hyderabad. It was a centrally sponsored pilot scheme in which the expenditure was shared between the Centre, the State Government and the Municipal Corporation in the ratio 2:1:1.

<sup>2</sup>Inner City of Hyderabad, a report sponsored and submitted to the Planning Commission, New Delhi, 1986.

<sup>3</sup>For accounts of the UCD projects see: T. Rajagopalachari, *Glimpses of Hyderabad UCD*, Municipal Corporation of Hyderabad, 1983 and William J. Cousins and Catherine Goyder, *Changing Slum Communities*, Manohar, 1979.

The administrative responsibility for the project was given to the Municipal Corporation.

The scheme was transferred entirely to the state in 1969, the expenditure being shared by the state government and the MCH. It was also in 1969 that UNICEF began to take an interest and at the beginning assisted with studies and surveys of the programmes. In the seventies, UNICEF began to share in the cost of the UCD projects with the state government on a matching basis. In the early eighties, the UCD adopted the policy of "systematic improvement of slums in a phased manner".

Initially the cost per annum on the Project was about Rs. 30 lakh of which the state government grant was Rs. 7 lakh, UNICEF grant was about Rs. 7.8 lakh and the balance was met by MCH. By 1983, the number of projects increased to 12 and the UNICEF assistance of Rs. 7.8 lakh cash grant and Rs. 3 lakh equipment grant was inadequate to meet the corresponding enhanced project costs.

Thus the Corporation's adopted policy of systematic improvement of slums in a phased manner suffered. Out of the 228 slums taken up under the phase I slum improvement programme, only 156 slums were provided with amenities, and that too on an *ad hoc* basis. The phase II of the slum improvement project covers 210 slums at the total cost of Rs. 887.06 lakh over a period of four years from 1983-84 to 1986-87. The Overseas Development Administration (ODA) of the Government of the United Kingdom allocated financial assistance of around £ 5.06 million for the project. The programme is going to spillover to 1988 and is expected to be completed by March, 1988. The project cost also increased to Rs. 1557 lakh and the ODA has agreed to provide additional assistance of £ 3 million (Rs. 621 lakh). Unlike the slums covered under phase I, the 210 slums under phase II is receiving the complete package of programmes and amenities as planned by UCD. The phase III of the slum improvement project is to be undertaken for four years from 1988-89 to 1991-92. It is designed to cover 300 slums (207 old and 93 new) with 76,000 families at a cost of Rs. 35.34 crore. The ODA has agreed to finance even this phase of the project.

Before delineating the various programmes of the Hyderabad UCD projects we may have a look at the philosophy behind this approach. The key concepts involved in community development are 'self help' and 'felt needs'. This means that the members of the community must attempt to solve their felt needs through their own collective efforts. They should seek additional help from government and other agencies only when they fail to solve their problem through their own resources. Therefore, initially the success of the project depends almost entirely upon the work of each community organiser who has to stimulate, guide and sustain the whole process by working with individual and groups in the slums, learning their most commonly felt needs, and motivating them to help

themselves. UCD moves into help only when the slum dwellers show a certain degree of interest and enthusiasm.

The various programmes and activities of the UCD of Hyderabad have gradually evolved out of the felt needs, hopes and aspirations of the slum dwellers. Their main programmes are:

#### *Water and Environment*

Along with the provision of drinking water, this programme includes roads, drains (sewer and storm water), community lavatories, public water supply, street lights, parks and playgrounds, washing platforms, pavements, etc. These activities are undertaken with the help of the slum dwellers and the degree of success of the environment improvement programme depends upon the people's participation. Narrow lanes could be paved, or pipe and sewer lines laid in the hutment colonies, only when the dwellers are willing to allow obstructing walls to be broken down or are willing to give away part of their land. In Roshanath Doula Slum no latrine has been built because the people could not come to an agreement over its location. In Nalla Pochamma basti not all hut dwellers were willing to allow the cement channel drains to pass through their territory, resulting in the drains taking a snake-like path instead of the straight one originally planned. In places slum dwellers objected to the erection of street lights outside their homes in fear that burglars can climb up the poles and into their homes or because the place may be declared a public land. On the other hand, in Jagjivan Nagar, the people constructed their own children's latrine along with the public latrine of MCH because the public latrine was too big for the children and they were defecating in the lanes. Since these latrines had no water connection, the Mahila Mandal arranged for the women in the colony to help the municipal scavenger by supplying her with water on a rotating basis. One thus finds that 'self help' and co-operation of the slum dwellers are important factors in environment improvement. Youth are encouraged to undertake 'shramdan' and remove insanitary pits, construct cement channel drains, clear accumulated night soil from around latrines, clear roads, level playgrounds, plant trees, report the non-functioning of street lights, and so on. Periodic sanitary drives and 'best kept house' competitions are held to encourage people to keep their localities clean.

#### *Economic Support Programme*

UCD's economic support programmes are linked to the Lead Bank activities and the SC/ST Finance Corporation of the Hyderabad district Collectorate. In order to make this programme more effective, links have been developed with District Coordination Committee of which the Collector is the Chairman. Thus the entire government Economic

Support Programme for the weaker sections is channelised through the UCD with the cooperation of the Collector.

Apart from these, the UCD arranges loans for poor women trained in its centres for purchasing sewing machines, arranges loans from HUDCO for housing, loans for buying cycle rickshaws, autos, etc.

An important contribution of the Hyderabad UCD Project has been to persuade banks to extend loans to selected categories of slum workers. For the first time in their life these people have had the experience of dealing with banks, an experience which immediately decreases their 'marginality' as citizens and draws them into the formal system. Similarly, it has been a new experience for the banks. Initially they started with the feeling that they were performing an act of charity but later found that it could be good banking business. If the ground work is done properly and the rate of recovery is high then small loans can lead to good business. For example, the implications of the plan to assist 13,000 slum dwellers to build their houses over two years, (13,000 loans of Rs. 4,000 each) is over five crore investment for the urban poor.

### *Shelter*

Improvement of shelter is one of the means of social change. Self-help housing was introduced by the UCD for the slum dwellers. Under the programme, the individual families as well as the entire population in the slum is involved fully and learn the various processes like banking, building material costs and procurement procedures, market trends, selectivity, substitutes, economy and thrift. The extent of the plot area, proposed layout pattern, location of open spaces, identification of target group with individual plots, and the houses designed to take into account the size of the family and the occupation of its members, all this is done in consultation with the entire slum community. They are also told about the various constraints and liabilities involved in the programme, and the various advantages accruing to them through self-help housing. The shelter programme starts only after the slum dwellers are mentally prepared after a series of meetings.

While undertaking these housing schemes, there is close coordination between HUDCO, the UCD, the HUDA and the voluntary organisations. HUDCO, apart from providing financial assistance to the MCH for taking up these housing programmes, helps in preparing the building designs and modifying the estimates. The UCD prepares the layouts, building designs acceptable to the slum community, organises the execution of the project, provides infrastructural facilities and arranges loans to the individual families borrowing from HUDCO. It also shares the entire burden of extending financial, technical supervision, monitoring and evaluating the process of construction. In order to help the benefi-

ciaries pay back the loans, it coordinates the help given by voluntary organisations like Lion, Rotary, Gaints International and other philanthropic organisations. The HUDA sanctions the layout plans conforming them to the norms and overall pattern in the Master Plan for the city.

Self-help is encouraged in these construction activities. Almost all slum dwellers are involved in the construction of their houses working whenever they get time during the nights. The different skills of the slum dwellers are utilised for mutual help and the wages they pay one another is determined by taking into consideration factors like equality of pay and accountability. Hence wherever in a slum the skilled labourer earns more than the unskilled one, an unskilled worker pays less than the normal wage to a skilled worker when the latter helps in construction of his house. Simultaneously, various activities such as socio-economic programmes for women, and children, training in new skills to the unskilled and the semi skilled, economic support programmes with the help of bank loans are undertaken in order to help the families survive the loan burden.

According to UCD officials, the number of households who have either rented or sold their dwellings is negligible. Nevertheless in one slum about 20 families, out of 650, sold the property given to them under the UCD programme. The heads of these particular families were local leaders who had secured more than one *patta* through political influence.<sup>4</sup> Increase in density because of in-migrating relatives has been discouraged by restricting the allocation of area to each family up to 40 to 50 sq. yards.

Prior to 1981, 2,973 houses were constructed on self-help basis in 31 slums under the bank loan assistance. During the period from 1981 to March 1987 a total 7,871 economically weaker section houses were being aided in 74 slums with HUDCO assistance. Out of these, 4,733 units had been completed till March 1987 and the others are in various stages of completion. The programme for the current year 1987-88 is 5,000 houses.

### *Health and Nutrition*

The programme includes immunisation (0-6 years age group), Vitamin A, iron and folic acid supplements, nutrition, mass-deworming and growth monitoring of children. Further, health education, training in first aid, training of traditional birth attenders, supply of health equipment, family planning education, etc., are carried out routinely.

During 1982-83, about 42,000 children and pregnant and lactating mothers were covered under this programme.

<sup>4</sup>T. Rajagopalachari, *op. cit.*, pp. 94-95,

In 1980, the special nutrition programme in all the 230 centres was closed down for want of support from the people. It was then handed over to the UCD. Initially there was a lot of resistance to the "ready to eat food" from the parents. These people were then sent in groups at the cost of UCD to the Repron food factory in Nacharam to know the ingredients of the food, the process of making it, and its usefulness in improving nutrition. This led to gradual acceptance of this programme and now the UCD is running 212 centres covering 40,000 children where "ready to eat food" is distributed.

### *Educational Programmes*

This programme is intended to mould the child at the pre-school age. The Balwadis and Anganwadies cover the children of the age group of 3 to 6 years while the creches are for the children below 3 years. Health care, nutrition, physical development, literacy, development of sports and cultural talents, inculcation of good habits and discipline are taken care of at these centres which are run in collaboration with the local voluntary organisations.

Activities like adult literacy centres, reading rooms, libraries and community TV sets supplied in slums have been found useful in bringing together the local community, particularly the youth.

### *Improvement of Economic Status*

Training in various skills and crafts is undertaken under this programme, some of them being sewing machine repairs, fabric painting, food processing and preservation, making of electronic components with ECIL help, TV and radio repair, garment manufacture, typewriting and shorthand, autorickshaw driving, computer punching, photography training, etc.

During 1981-82, 1,044 women were trained in about 32 training courses, 82 youths were trained to drive autorickshaws and 213 boys and girls learned typing.

### *Recreation*

Music and dance institutions are formed in slums and cultural programmes and sports are undertaken as a means of achieving community cohesion and for the development of talent. Some of the programmes which are being undertaken are exhibitions, film shows, bhajans, dance and drama, group discussions, children and youth rallies, women's organisations meetings, community dinners, puppet shows, harikatha, mushairas, baby shows, etc.

### *Community Organisations*

Formation of community organisations for the slums is a popular activity of the UCD as a means of

1983, there were about 233 basti development committees, 135 youth organisations and 99 mahila mandals involving 8,944 members actively working with UCD. These organisations are the backbone of the UCD programmes.

### *Community Involvement Programmes*

Community involvement is an essential pre-requisite for any UCD programme. In order to achieve stronger social bonds the programmes which are common to all slums are designed with the concurrence of slum representatives and federation of mahila mandals, and various voluntary organisations.

From the foregoing account it is clear that the Hyderabad's slum improvement measures are not merely the usual urban renewal programmes which seek to give a face lift to the physically deteriorating areas of the city. It involves a comprehensive anti-poverty programme. However, poverty is conceptualized so as to take into account only the squatter settlements. Thus the poverty of the downwardly mobile property owning poor, the typical residents of the decaying parts of the old city are not caught in the anti-poverty net. While the entire walled city has a slum like appearance, it would be not right, perhaps to define the walled city as a slum, since the term 'slum' connotes meanings which it would seem foolish to apply to the cultural and architectural heritage of the walled city. A term more appropriate than 'slum' requires to be found to connote the special problems of the walled city<sup>5</sup>. Besides, there are many well to-do people in the walled city despite its overall slum like appearance. In any case, slum improvement programmes in Hyderabad are usually not administered to authorised buildings which have become dilapidated.

Aside from the question of which types of the poor gets left out of the urban community development programmes, the question of who gets seems to be fraught with political pulls and pressures.

Urban renewal programmes in India are designed and implemented in areas which are officially recognised as 'slums'. Official recognition flows from the definition laid down in the central "Slum Areas (Improvement and Clearance) Act, 1956". Most of the states including Andhra Pradesh has emulated the Central Act with minor additions. The definition is as follows:

In legal terms, "Section 3 of the Slum Areas Act 1956" defines slums as areas where buildings:

- (a) are in any respect unfit for human habitation;

- (b) are by reason of dilapidation, overcrowding, faulty arrangements and design of such buildings, narrowness or faulty arrangement of streets, lack of ventilation, light or sanitation facilities, or any combination of these factors, are detrimental to safety, health or morals.

In determining whether a building is unfit for human habitation for purpose of this Act, regard shall be had to its condition in respect of the following matters, that is to say:

- (a) repair, (b) stability, (c) freedom from damp; (d) natural light and air; (e) water supply; (f) drainage and sanitary conveniences; and (g) facilities for storage, preparation and cooking of food and for the disposal of waste water.<sup>6</sup>

This broad characterisation of a slum area fails, of course, to give clear operational definition to the term specially in the context of the huge magnitude of the problem of shelter in Indian cities, and when considered in the context of the meagre resources which are available for slum improvement. When a locality is officially identified as a slum it becomes beneficiary to a lot of government sponsored programmes especially designed for the poor and low income housing dwellers. Large amounts of financial commitments are made every year for slum as eradication programmes. The implication of defining particular areas as slums is that such localities are entitled, at the minimum, to basic facilities like water supply, street lights, paved roads and so on, without the payment of betterment charges. Therefore, there is much lobbying by the inmates of a poor locality to get their area identified as a slum. Who should patronise the spending of such development funds, how should it be spent, and where, are all consequences of political decision-making. These decisions made under political pressure may result in relatively good areas being recognised as slum areas, whereas other depressed and dilapidated areas may remain ignored for lack of political lobbying. It is not surprising therefore that the declaration of an area as a 'slum' is often a matter of political expediency,<sup>7</sup> a matter of *quid pro quo* for

<sup>6</sup>Planning Commission, *Task Forces on Housing and Urban Development*, Vol. IV, "Shelter for the Urban Poor and Slum Improvement", Government of India, Delhi, 1983, p. 12.

<sup>7</sup>B. Srinivas, a student in the Department of Sociology, University of Hyderabad having done field-work on slums found that the residents of an area having 52 pucca houses and some double storeyed buildings could get their area declared a slum in 1979 in order to avoid betterment charges to the MCH for providing water lines. A contestant for the 1980 Parliamentary elections lobbied with the government on behalf of the residents and the survey which is a prerequisite for identification of an

vote banks wherein the poorest of the poor slum dwellers may, indeed, be overlooked by the UCD.

The other major problem which the UCD officials often face is the lack of ability of slum dwellers to maintain their property and the surrounding environment, and in fact also the capacity to retain all the benefits of the housing programmes. When a locality is improved through UCD intervention, the property value in the area increases to an extent wherein the house owner is tempted to sell the property for cash required for the various emergencies of Indian social life such as dowries, medical expenses and so on, and start life in another squatter settlement.

There is always, of course, the pressure for the tentacular spread of more and more squatter settlements in the city. Apart from the job opportunities in industries, factories and so on, the metropolis can absorb *ad infinitum* semi-skilled and skilled labourers in the enormous informal sector. Hyderabad has continued to allow services which one might associate more often with smaller towns such as rickshaw transportation, bullock-carts, push-cart sale of vegetables, fruits, coolie service, etc. Thus the people fleeing from the hardships due to the lack of development of the region as a whole can always find a livelihood in the city. The UCD therefore needs to take cognition of the fact that the task of slum improvement is an endless one.

Since the UCD project is heavily welfare-based, the slum improvement programmes, as we have seen, are also heavily welfare based. The problem of such a bias, (well-meaning and good as it is) is that it takes little account of the need for planning on the basis of the developmental imperatives of the city as a whole. The danger of too much of a micro approach, an approach which is heavily welfare weighted and individual centered, is that it may further encourage unauthorised growth of low income housing. If unauthorised occupation of land is legitimized, and if loans for building on such land becomes more easily available, obviously the city has an added attraction for would be migrants from the surrounding region. The most difficult problem the policy makers must face is the endless infiltration and expansion of slum areas. A look at the growth of slums in the twin cities shows that while there were only 106 slums in 1962, the number increased to 283 in 1972. In 1976, the number was 357, in another decade in 1986, the number of slums increased to 577 and now there are 660 slums in the twin cities. Thus there has been a phenomenal growth of the slums of over 500 per cent since 1962.

*(Continued from previous page)*

area as a slum was apparently not taken seriously. This 'slum', the Laxminagar slum situated near the Sanathnagar Industrial Estate was prominent again before the 1983 assembly election because of the lobbying for the black top road by the same political contestant.

The problem of low-income housing needs to be tackled in the context of the overall planning for the city. One might suggest that the main approach to the slum problem could be environmental cleaning. The slums could be given paved roads, covered drainage, water supply, street lighting and so on, irrespective of whether the slum happens to be on private land or government land and whether the slum dweller owns the land or is encroaching on it. As it is now, slums which are encroaching on private land have low priority in getting benefits from the UCD. Further, most of the *patta* (ownership) rights on land given to slum dwellers in Hyderabad belonged to the government. Perhaps the question of ownership could have been indefinitely postponed, especially if the slum happens to be on choice government land and if such slum dwellers can be conveniently relocated elsewhere at some later stage. The government could have had the option of retaining the land for the welfare of the community as a whole instead of allowing it to pass into private inheritance. Indeed, the inheritance may sometimes go to the rich since the capacity of the poor to retain urban property in the metropolis is limited. □

## *Shelter for Homeless: Naik Nagar Experience*

A. MALLA REDDY

COMMUNITY BUILDING approach adopted in Hyderabad was acknowledged nationally and internationally. The shelter programmes taken up on a large scale was purely on the basis of self help. The article aims at explaining the process and procedure adopted in the successful shelter programmes for the homeless urban poor in Hyderabad. It throws light on the unique process of community building and the way the urban shelterless are integrated into the mainstream of the society. The Naik Nagar example is highlighted to present a representative model of the shelter programmes in Hyderabad. By collective action the responsibility of the government can be reduced in providing shelter for homeless. The experiences gained in Hyderabad can be exercised elsewhere also.

Shelter is the most basic necessity for human being and it is synonymous with housing. Today few countries in the world can claim that they have adequate policies to deal with the homeless citizens. Approximately, one quarter of the world population do not have adequate shelter and live in extremely unsanitary and unhealthy conditions. Approximately 100 million people have no shelter whatsoever. They sleep in the streets, under bridges, in vacant lots and doorways.<sup>1</sup> The population is increasing at a rapid rate more so in the developing countries, much more so in the urban centres of the developing countries. The overall population of slum and squatter settlements are increasing at twice the rate of the cities themselves. With a view to focus the attention on the alarming situation throughout the world, the United Nations General Assembly proclaimed 1987 as the International Year of Shelter for the Homeless (IYSH) mainly to draw the attention of the governments to provide suitable policies and provide conditions to take up large scale shelter programmes for the homeless.

<sup>1</sup>Leaflet, published by the United Nations Centre for Human Settlements (Habitat), Nairobi, Kenya, 1987.

Compelling circumstances are making homeless to squat on places wherever available without any basic amenities. If we analyse the compelling circumstances under which the citizens are homeless, we come across these major factors: poverty, backwardness, helplessness, high cost of urban land, and heavy investments required for housing programme.

Providing shelter for the homeless is a herculean task for the government because it needs more financial investments. In the economies of all the developing countries the priority of investing their scarce resources is given to the productive sectors rather than investing in unproductive sectors such as housing. It also implies draining the finances which are in acute deficit in the development economies. Today in response to the (IYSH) governments are giving priority to the shelter programmes for the homeless. Resource are pooled to gear the task.

The shortage of housing in India is very acute. According to the official estimates, the housing backlog rose from 2.9 million dwelling units in 1971 to about 5 million dwelling units in 1981. The National Buildings Organisations (NBO) has estimated a shortage of 5.9 million dwelling units at the beginning of the Seventh Plan.<sup>2</sup> In the recent past problems of shelter has reached all time high. Among the existing housing stock nearly 40 per cent of the houses are one room tenements. Majority of the existing houses are lacking facilities to the bearable standards. One third of the total urban population do not have access to drinking water supply, even for the remaining 77 per cent, water is reported to be not entirely potable. Only 26.9 per cent of the urban population had access to sanitation in 1981. Underground sewerage systems are rare. Only 8 per cent of the cities were reported to be having such system.<sup>3</sup> The problem of housing shortage is much more acute in bigger cities in India. Hyderabad is no exception, it is also facing acute housing problems.

The problem of housing is universal whether in urban or rural. But the intensity is more in urban area than in the rural area. The Government of Andhra Pradesh is known for its weaker section housing programmes in the country. However, much effort has been made in the rural areas. The programme is implemented through the Andhra Pradesh Weaker Section Housing Corporation. Apart from housing programmes, the government has also taken up house-site programmes for homeless. The Andhra Pradesh Housing Board has also made efforts to provide housing to the needy. The Andhra Pradesh Housing Board, in all its programmes, ensured large share of the house to the

<sup>2</sup>India, Planning Commission, *The Seventh Five Year Plan, 1985-90*, Government of India, New Delhi, 1985, Ch. 12.

<sup>3</sup>*Urban Basic Services* (Background Material), Regional Centre for Urban and Environmental Studies, Osmania University, Hyderabad, 1987, p. 3.

homeless weaker section. In practice, the houses constructed for lower income groups have gone into the hands of the higher income groups. Actually the programme could not benefit the intended beneficiary. The houses are not cost effective, they are not in reach of the urban poor. Moreover, the housing colonies were constructed on the periphery of the city which were not useful for the urban poor, since they are far off from the core areas where the poor are engaged in the informal sector.

#### SITUATION IN HYDERABAD

Hyderabad is one of the oldest cities of India. It came into existence as capital and headquarter of Qutub Shahi and Nizam dynasties. Since the year 1956, it is the capital city of Andhra Pradesh state of Indian Union. In the initial stages, city grew on the south of Musi. In the later decades the city growth has spilled over towards the north of Musi. Subsequently, the twin cities of Hyderabad and Secunderabad have merged into greater Hyderabad. The population has grown by multiple folds in the past three decades.

As per 1981 census, the population was 21.42 lakh within the municipal limits.<sup>4</sup> The total area is 192 sq. km. Accordingly, the housing stock has not increased. The reasons are not many. The economically weaker sections are not able to afford the minimum living necessities. In rural areas 40.4 per cent and in urban areas, 28.1 per cent of population are reported to be living below the poverty line.<sup>5</sup> The low income citizens are living in the settlements with no amenities or at most meagre amenities. These settlements are graded as hazardous to human health.

In Hyderabad, housing shortage is acute. The houseless have infiltrated into slum areas; the number of slums have grown from time to time. In the year 1962 there were 106 slums. By the year 1972 the number of slums increased to 283 accounting for 19 per cent of the city population. By the year 1981 the slums increased to 470 occupying an area of 4.05 sq. km. with 5.4 lakh of population. In this condition only 2.11 per cent of the city area<sup>6</sup> is occupied by 23.5 per cent of the total city population. In the subsequent years, the number of slums has increased to 730. This growth is a clear indication of growth of homeless citizens in the city. Apart from this, large unaccounted number of

<sup>4</sup>Census of India, 1981, "Population of Towns" Supplement Table 2, Series 2, Andhra Pradesh.

<sup>5</sup>Seventh Five Year Plan, 1985-90, Vol. I, *op. cit.*, p. 4.

<sup>6</sup>MACONS, *Review and Evaluation Report, Urban Community Development*, Municipal Corporation of Hyderabad, Hyderabad, June 1985, Annexure I.

families live on pavements and construction sites, who have no place even in slum areas. It is estimated that nearly 60 per cent of population is living in slums, backward areas and old parts of Hyderabad which are not fit for human habitation.

In Hyderabad, planned efforts to provide permanent shelters to the homeless started in 1956 through the slum clearance and rehousing, social housing and weaker section housing programme. The housing colonies were constructed at Ziaguda, Kachiguda, Kaladera, Chaderghat and in other parts of Hyderabad and Secunderabad. Nearly 2,000 housing units have been constructed and allotted to the homeless. This programme was totally a government programme confined to the employees such as sweepers, scavengers, peons, drivers and other menial labourers. It could not be taken on a large scale to cover the homeless in the entire city for lack of resources.

The Municipal Corporation of Hyderabad through Urban Community Development (UCD) has started a programme for the homeless called Habitat Hyderabad in the year 1976. Under this programme, the homeless people were identified. Wherever it was feasible they were provided shelter in the permanent colonies on self help basis. During the period 1975 to 1981, nearly 2,973 houses were constructed in 31 slums with loan assistance from banks. The loan component being Rs. 4,000 out of estimated cost of Rs. 6,000 for each house. Another 6212 houses were taken up in 61 slums with HUDCO loan assistance during the period 1981-82. During this period cost of each house was about Rs. 9,000 of which loan assistance was Rs. 6,000, government subsidy Rs. 1,000 and the balance Rs. 2,000 came as beneficiary contribution.<sup>7</sup> In the subsequent years, few more thousands of houses were under construction. From among the experiences several examples can be narrated. Naik Nagar is a true representative of them.

#### NAIK NAGAR EXPERIENCE

Naik Nagar is located near Falaknuma Palace in Ward 18, Block 2 of the Municipal Corporation of Hyderabad. It is situated between Falaknuma Railway Station and Falaknuma Palace, in the old city area South of Hyderabad. Originally, it was a plain open area surrounded by residential localities of Jhahanuma.

Experience gained in Naik Nagar area of Hyderabad is a living example of combined efforts to provide shelter for the homeless citizens. Naik Nagar is associated with a group of migrants belonging to tribal community (Lambada Sect) mostly from Ranga Reddy, Nalgonda, and Mahabubnagar districts of Andhra Pradesh. Most of these migrants

<sup>7</sup>D.C. Rama Rau, *Strategies of Slum Improvement*, Urban Community Development, Municipal Corporation of Hyderabad, Hyderabad, p. 9.

belong to the low income groups. Basically, they are agricultural labourers. In the past, these people used to visit Hyderabad for employment during the off seasons. Most of them are casual labourers, building construction workers, stone cutters, rickshaw pullers, vegetable venders and low paid employees, etc., with Rs. 300 to Rs. 500 monthly family income. These people used to stay in groups on footpaths and open places with temporary make shift arrangements without permanently sticking to any area. They did not have any kind of amenities of their own. They use to depend on the public water taps and squat on open places without any shelters. Since their habits are similar and their functions are identical, they used to face their problems collectively. Their periodical visits and long stay in the city and the pressing problems encountered in their daily living has created an urge in them to secure shelter facility in the city. The first step towards this direction was that they assembled and squatted on the open land near Falaknuma Railway Station which was very convenient for them. In the beginning there was least resistance from the owners of the land. The Lambada community started gathering on this land, the number of families increased. The number of huts have steadily increased from a few to numerable. Initially, these huts were constructed with mud walls and thatched roof involving no investment or less investments. At this stage, community leaders emerged from among themselves to represent their problems and identify themselves with the land. The government has recognised the association of the Lambada community with the land. The males in the community are called Naik therefore the areas is recognised as Naik Nagar.

The Government of Andhra Pradesh issued pattas for 10,000 house sites in Hyderabad city to the persons already living on the government, semi-government, municipal lands and private land by the end of 1976. Naik Nagar also received attention in this scheme. The dwellers were enlisted and recommended to the government. The Social Welfare Department subsequently issued house site pattas of 75 sq. yards for each resident. However, the award of house site pattas did not improve the living conditions for the slum dwellers nor the environment. At a later stage, the Municipal Corporation of Hyderabad came into the picture at Naik Nagar and approached the dwellers through its Urban Community Development Department which has taken a lead role in Slum Improvement and shelter programmes. With patronage of the political leaders Naik Nagar community got considerable attention from the government.<sup>8</sup>

<sup>8</sup>The group from the Lambada community led by Sri Ravindra Naik approached the government. The then Mayor of Hyderabad Smt. Sarojini Pulla Reddy took considerable interest in homeless tribals assembled in Naik Nagar and pleaded

(Continued on next page)

These people are still living their traditional way of life. Their dress pattern still remains the same as was in the olden days. Though these people have been staying in a metropolitan urban centre and serving in the informal sector of the city for the past decade, they have not changed their traditional life style and primitive culture. They still maintain their identity and do not mix up with other communities. The conditions of Naik Nagar slum dwellers who were living in sub-human conditions with lack of amenities and shelter, were studied under the UCD. Slum community was motivated to lead a better life. The UCD could bring a change in their attitude and slowly the community aspired for better living and felt the need for permanent shelter with better surroundings to improve their lives. They were organised into association and these associations were made to realise their responsibilities towards better living. After accepting the programme they were impressed to participate in the programme to build up better surroundings around them. The first major precondition for improvement was the land tenure which the community was ensured through the government patta (Land Tenure Right).

The UCD launched habitat housing programme in the year 1976 for homeless urban poor possessing land tenure. Initially the programme was taken up with the financial loans from commercial banks and subsequently the HUDCO extended the loan facility to this programme. The Naik Nagar area was selected under the programme in the year 1977. In this programme, the Naik Nagar residents were motivated to participate in building their own houses. The principle basis of the programme was self-help. The beneficiaries were asked to form into groups and come forward with an application for construction of permanent shelter for them. The UCD approached Charminar Branch of Baroda Bank, Hyderabad with a project proposal on behalf of the beneficiaries and arranged housing loans for the beneficiaries by mortgaging the land title deeds.

In the first phase, 251 houses were taken up for construction under the UCD with the loan assistance from the Baroda Bank. This programme was initiated in 1977. The cost of each house was Rs. 5,200 with Rs. 4,000 as Bank loan and Rs. 1,200 beneficiary contribution. Accommodation consists of one room, one small kitchen, WC and bath with open space. Plinth area of the house is 232 sq. feet. The plot area

*(Continued from previous page)*

for the cause of these urban poor people. At that time both these leaders were in Congress Party. Subsequently, Smt. Sarojini Pulla Reddy became the Housing and Municipal Administration Minister, in the Government of Andhra Pradesh and Sri Ravindra Naik, Local Leader of this community, also became Minister for Tribal Welfare, Government of Andhra Pradesh for a short span of time.

of each house is 75 sq. yards. The houses are constructed in identical type and design.

The UCD Department has its own technical wing comprising engineers, surveyors and planners. The entire layout is designed by the Technical Wing including the detailed designs of the individual houses. In the process of construction of permanent shelters for the Naik Nagar dwellers, the UCD technical wing surveyed the entire land and marked places for parks, playground and roads. The rest of the area was marked into equal sized plots numbering 251. The project proposals were sent to the Bank in the first quarter of 1977. The execution of the project started in the later half of 1977. In the implementation of the project the Technical Supervisors managed the programme and the Engineers monitored the progress periodically. Basically, the houses were constructed by the technical know-how of the Engineers and Supervisory staff of the technical wing of the UCD. The construction was carried by the trained masons with the involvement of beneficiaries as labourers. A group of ten houses were clubbed together and attached to ten families for the purpose of convenience, for effective and collective action. Later on the houses were allotted among these ten members after completion of the works.

Materials used for construction of the house include the granite stone for foundation which is available locally at cheaper rates. For construction of walls, cement and brick were used and for roofing, steel, cement, sand, concret was used. The window and doors made out of teak wood. The procurement of material for the entire project was secured collectively. The scarce building material such as cement was allotted by the government. The steel and wood were procured at concessional rates. The purchases were made jointly by the UCD staff and the beneficiary as and when the need arose. The beneficiaries were encouraged to start brick manufacturing through cooperatives. The bricks were used for their own houses. The finance was released in four instalments to the beneficiaries with the approval of the technical wing of the UCD depending on work progress of the houses. The community organisers, who were the link between the UCD and the community, had constant interaction with the community. The Director of the UCD had monitored and reviewed the progress of the work periodically.

The beneficiaries were Lambada (Tribe community) known for the dedicated, hard work. Since the entire project was aimed at self-help they had worked enthusiastically for the development of their houses and their own locality. The sense of belongingness helped in contributing their mite for the common good.

The Municipal Corporation provided the amenities in the new housing colony as per its standards at a cost of Rs. 3.7 lakh. The amenities are formation and carpeting 4,500 feet roads in the colony, paving of all the

footpaths in the colony, installation of 43 street lights for every 30 meter, five public water stand posts in various lanes in the colony and so on. Four Washing platforms were provided at convenient places. Nearly 500 avenue trees were planted on the road sides and within the houses. Underground drainage, storm water drains were formed as per the engineering guidance. Waste disposal and conservancy services were extended to the colony by the Municipal Corporation of Hyderabad. Recreation facilities such as park and playground, were provided in the open spaces left over in the layout plan. A Community Hall was constructed to take up multipurpose activities such as community meetings, preschool education, health check up, family welfare, etc.

These amenities supported the housing programmes. Naik Nagar has received all the necessary infrastructure required for urban living. By these developments, it became part of the developed localities of Hyderabad, shedding its original slum character. The beneficiaries, were by and large, enlightened with the integrated development in their locality. The dwellers gained considerable confidence in the process of building their own surroundings. Local associations were formed to manage their local affairs. The Municipal Corporation was making regular efforts to maintain the civic amenities. In the subsequent years, the UCD has taken up several socio-economic programmes to uplift their living standards.

The UCD has identified few more families squatting around the first phase colony. They have enlisted the new comers and proposed phase II housing scheme. The Phase II is taken up adjoining Phase I. In this Phase, 206 houses are taken up in double storyed. Since the land was not available sufficiently for independent houses, the beneficiaries were convinced to accept the plan to accommodate them in the one plus one floors. The plan proposals were prepared in the year 1982 and sent to HUDCO for its funding<sup>9</sup>.

The total cost of the project is estimated at Rs. 12,36,000. The cost of each house has gone high compared to Phase I. It is proposed at a cost of Rs. 8,200 out of which Rs. 6,000 is loan, Rs. 1,000 is given by the state government as subsidy and the remaining estimated amount Rs. 1,200 has to be borne by the beneficiaries. The cost has escalated due to rise in cost of building material and labour charges. The second scheme is approved and received HUDCO loans in the year 1983. The Banjara Welfare Association (Naik Nagar) alongwith the UCD was authorised to execute the scheme.<sup>10</sup> The execution started in the year 1984. Major portion of the work was completed by 1985. Finishing works could not be completed due to shortage of the estimated proposal. Beneficiary had to contribute more amount to complete the work.

<sup>9</sup>Proc. No. 151/UCD/D/82, December 17, 1982.

<sup>10</sup>*Ibid.*, October 26, 1983.

The UCD faced some problems in the implementation of the programme. In the initial stages, it took lot of time to motivate the dwellers to accept community based shelter programme. Disproportionate extent of land was occupied from 100 yards to 30 yards by the dwellers previously before the new colony was taken up. It was difficult to make them accept equal size plots for housing. In order to suit the local needs, the Town Planning rules were relaxed. Procedural delays in launching the programme, release of finances from the lending agency, absence of matching contribution by the beneficiaries have proved to be financial constraints. Procuring scarce material has consumed considerable time. These problems have come in the way to complete the house as per schedule time. In building their own house, the dwellers have to work foregoing his daily wage outside, thereby they could not sustain their family needs during the construction. Coordination of all the activities was also a problem right from the beginning of the project.

The programme has some limitations also. It needs trained, experienced, committed UCD staff to bring awareness among the beneficiaries. But in the beginning, UCD lacked the expertise. Due to limitation of the loan amount some of the quality had to be foregone in the construction of houses. The work could be commenced only after money was released which had to satisfy many conditions. The shelter is not sufficient for the growing families.

#### CONCLUSION

The UCD in Hyderabad has made considerable effort to solve the housing problems of the urban poor. This approach is well recognised mainly due to self-help approach adopted. Involvement of the beneficiaries in construction of his own house has proved to be cost effective. By doing this kind of exercise, the community has gained a lot of confidence. Today they are able to manage their community successfully. The opportunity given to them has been successfully utilised. However, the success of the programme is also due to involvement of several agencies and the beneficiaries. It was a collective effort. This was possible only because of the field work and pre-project work done by the UCD. Though the project could not be completed in stipulated time, ultimately it came up every well. In Phase I and II, 257 houses provided permanent housing for 1,500 population.

Since the activity is based on need, the incidence of beneficiary selling away his house is a rare occurrence. The process of self help construction has developed a kind of commitment, belief, attachment to the house. So far no beneficiary has left the allotted house. Group living and community interaction is every close in the colony. The experience of self help construction has developed a sort of skill training in build-

ing activity. Today many of these beneficiaries have become contractors of civil works.

The whole profile of slum has undergone a change with the new houses and infrastructure. The environment and sanitation has improved. The socio-economic programmes have been taken up in Naik Nagar to enable the dwellers repay the loan amount. The life to the tribal community has become more bearable. Today Naik Nagar stands as a model that can be replicated anywhere with strong political will and determination. The same experience is being repeated in more than 100 localities. This strategy is also extended to Visakhapatnam and Vijayawada in Andhra Pradesh. Similar achievements are gained in these two cities, in every city and town to provide shelter for homeless. It has a long lasting impact. This also reduces the burden on the government.

No single agency in the country can handle the gigantic problem of providing shelter for homeless. A movement has to be encouraged to involve every one to contribute his might to the most important human problem. If the present situation in the country continue the homeless will increase day by day. The accumulated backlog of homeless has to be covered progressively. The state governments should give considerable priority and make it a reality, otherwise the objective of shelter for homeless would become myth.

## *Shelter Upgradation for the Poor: Issues in Management Training\**

K.S.R.N. SARMA

SHELTER FOR the poor is the kingpin of housing development under the public auspices in the country. This strategy thrust is given an added impetus recently by the inclusion of shelter schemes for the poor in the Prime Minister's New 20-Point Programme. Yet, the reports all indicate that no perceptible dent could so far be made into the shelter needs of the poor and as a sequel the problem is fast becoming acute. Particularly in the large urban areas, an increasing percentage of population is forced to seek shelter under shanty structures in slums and in highly unhygienic environments. In Bombay and Calcutta these percentages are observed to be over 45. According to the estimates made by the Seventh Plan Working Group on Housing,<sup>1</sup> the housing shortage in the country in the year 1985 is as high as 24.7 million units—18.8 million units in the rural areas and 5.9 million units in the urban areas. To meet the housing demand satisfactorily, say, by the year 2000 AD, a total of 105.0 million new housing units need to be constructed—77.9 million units in the rural areas and 27.1 million units in the urban areas. Out of the above, the housing to be provided to the Economically Weaker Sections is 68.0 million units in the rural areas and 4.0 million units in the urban areas. Investment projections for meeting the above housing (total) shortages (at 1980 prices) are Rs. 44,700 crore in respect of rural housing and Rs. 86,950 crore in respect of urban housing. Nearly 75 per cent of these investments are hoped to come entirely at private initiative. However, a good percentage of the investments required for the EWS housing, i.e., Rs. 6,900 crore in the rural areas and Rs. 3,450 crore in the urban areas, are envisaged to be made under the public auspices. We may now examine the present levels on housing investments. Up to the Sixth Plan, (i.e., during first 27 years of

\*Paper presented at the Annual Town and Country Planning Seminar, Madras, February 5-8, 1987.

<sup>1</sup>Seventh Plan Working Round on Housing, New Delhi, Government of India, Planning Commission, 1985 (Mimeo).

planned development in the country, the total investment in housing is around Rs. 12,386 crore out of which the investment under public auspices is Rs. 2,646 crore. During the Sixth Plan, the above investments are Rs. 12,900 crore and Rs. 1,400 crore and in the Seventh Plan, they are Rs. 29,000 crore and 2,458.21 crore respectively. The physical achievements under various public housing schemes during 1971-79 are: Plantation and industrial workers housing 2.05 lakh units; EWS and Low Income Group Housing 3.36 lakh units; Middle Income Group Housing 1.42 lakh units; Village housing 5.6 lakh units; House sites for the rural landless labour 77 lakh units. The present levels of housing activity thus look highly dwarfish in comparison to the projected requirements. The recent reviews also indicate that the plan allocations on housing as a ratio in the total, has steadily declined from about 25 per cent during the First Plan, to just 1.2 per cent during the Seventh Plan. Further, even the modest physical targets under various public housing schemes could not be fully accomplished.

An urgent need thus exists for undertaking fresh examinations into the various policies and programmes for housing development, particularly those meant to meet the shelter needs of the poor. The central issue is how to get an enlarged flow of investments into the housing sector. In this context, the focuss of reform would naturally be on aspects such as getting recognition for housing as a production sector instead of just a social service sector, to claim an increased percentage of plan allocations, on the declaration of housing as an industry to facilitate the flow of institutional finances for enlarged production of housing inputs; on the establishment of a National Housing Bank to mobilise on a large scale household savings for investments in housing and for provision of house loans to individual builders. Along with these improvements, the reforms also need to be directed to augment the Management capabilities in the public agencies engaged in housing development. An added significance of this reform is on account of the fact that the shelter needs of the poor, as already explained, are envisaged to be met largely through housing development under public auspices. Improvement in the management capabilities of the public agencies engaged in housing calls for efforts on various fronts. In the present paper, the focus is on the training. Moreover, since the management of shelter for poor is relatively more complex in the urban context, the discussions in the following are largely confined to the shelter ungradation schemes currently in vogue for the urban poor, *viz.*, Environmental Improvement Schemes and scheme for provision of sites and services.

#### SCHEME FOR ENVIRONMENTAL IMPROVEMENT IN THE SLUMS

Point 10 of the Prime Minister's Twenty Point Programme dealing with shelter for the urban poor, has two components, *viz.*, environ-

mental improvements in slums and provision of sites and services. Of the two, only the first scheme is a constituent of the Five Year Plan's Minimum Needs Programme. The Environmental Improvements scheme envisages upgradation of infrastructure facilities in the slums *in situ*. Included in the facilities are street lighting, paved paths, drainage, water supply, community latrines. The scheme is made operational under the provisions of the Slum Clearance Act, 1956. As on March 1983, around 11 million slum dwellers are reported to have been benefited under the scheme. Out of the above, nearly 6.8 million are covered after the Scheme's inclusion in the Prime Minister's New Twenty Point Programme (in the year 1980-81). Some of the problems encountered during scheme's implementation are as under:<sup>2</sup>

- (a) The improvement in a settlement could be carried out only after declaring it as a slum under the Slum Areas Act 1956 and once the improvements were carried out, no clearance on it is permitted for a minimum period of 10 years. Any aggrieved party could go to the court of law and get the work delayed or even secure the schemes' cancellation.
- (b) The squatter settlements are observed to come up usually on the lands reserved for public purposes like schools, parks in the city's Master Plan and the developments, in respect of which could not come up for want of funds and the like difficulties. Permitting improvements might further delay the execution of proposed developments and to an ultimate change of land use. In either event, the neighbourhood at large is the sufferer in the long run.
- (c) Norms and cost ceilings do not allow the adoption of any design variations to suit the peculiar needs in the field. On account of this rigidity, at times, even the readjustments on site to accommodate the prescribed facilities are also not found feasible particularly in the thickly populated slums.
- (d) As no tenurial rights are conferred on the inhabitants, it is found difficult for them to raise finances for affecting improvements in their house structures. This is generally considered to be a serious lacuna of the scheme.
- (e) Though scheme has been in vogue since 1972, no serious attempt has so far been made to evaluate its impact. The general view is that the resources are spread too thinly over a large number of

<sup>2</sup>Largely based on the observations made in the Report of the *Seventh Plan Working Group on Housing, op. cit.*, (mimeo) and the Report of the Planning Commission's Task Force on Housing and Urban Development (Report No. III and IV), New Delhi, Government of India, Planning Commission, 1983.

urban areas to secure perceptible improvements in any of these locations.

(f) Scheme expects the municipal body of the area concerned, to operate and maintain the capital improvement affected. But as there is no appreciable financial gain, say, by way of increased property tax accruing to the municipal body, it tends to neglect the required maintenance. This coupled with clients' indifference was often found to result in the steady deterioration of facilities and thus to the defeat of the very objectives of the scheme.

#### *Sites and Services Scheme*

The scheme envisages development of house sites and provision of loans for their purchase up to a ceiling of Rs. 3,000 on easy terms to the urban poor households whose monthly income is Rs. 350 or less. The infrastructure developments on the sites would be on specially reduced norms to allow their costs to be within the loan ceiling. The basic assumption of the scheme is that the allottees would be incrementally improving their house structure with the resources they can raise over a period of time. In the Seventh Plan, the income limits for eligibility and the ceiling on loans are raised to Rs. 700 p.m. and Rs. 5,000 respectively but the basic features, i.e., the service norms, cost recovery have all been kept as before, and now there is an additional stipulation restricting the plot size to 25-36 sq.m. During the Sixth Plan, a total of Rs. 485 crore was earmarked for the scheme to achieve a target of 16.2 lakh dwelling units. But up to March 1984 only 39 per cent (6.48 lakh dwelling units) of the target was achieved.

Some of the problems faced in the operation of the scheme are as under:<sup>3</sup>

- (a) The implementation of the scheme has been tardy owing to the impediments such as delays in land acquisition.
- (b) Due to the very low income eligibility, some states found that they do not have significant number of people to be covered under the scheme.
- (c) Steep inflation made the adherence to the cost ceilings a difficult proposition. When locations in the outlying areas are chosen to keep down the costs of acquisition, there were not many takers of the sites and services created because of high transportation costs.
- (d) Though the guidelines are clear about confining only to the

<sup>3</sup>Largely based on the observations made in the Report of the *Seventh Plan Working Group on Housing*, op. cit. and *Task Force on Housing and Urban Development*, op. cit.

development of sites, state housing agencies are often found to prefer the construction of full house units before their allotment to the EWS.

- (e) The Coordination among the various involved field agencies has generally been very poor and the position is further aggravated by the fact that the scope of financing under the scheme is limited only to the on-site improvements. For the development of the peripheral services, the concerned agency has to explore other sources.
- (f) The rate of default in loan repayments was observed to be generally high. The local 'politician' factors in adversely influencing the client's willingness to pay the loan instalments has generally not been insignificant.
- (g) As in the case of EIS, the concerned municipal bodies are found not very enthusiastic in taking over the schemes for the eventual operation and maintenance of infrastructural facilities therein.

#### PROJECT FORMULATION

From the foregoing account, it is evident that the design of the schemes could not be sufficiently sensitized to perceive the shelter needs of the poor in different urban locations. A major source of the difficiency appears to be the planner's heavy reliance on housing as the vehicle for the amelioration of the position of the urban poor. The assumption here is that through shelter upgradation schemes, it would be possible to improve the clients' access to the various public services and thus secure a reduction in the incidence of morbidity, social tension, etc. That in turn is expected to motivate the poor to improve their productivity and earnings. While not denying the validity of the above logic, it may be mentioned that if securing increased incomes is the primary objective then the shelter upgradation is rather a round about way of accomplishing it. A more straight forward one is to work for the generation of employment opportunities and imparting new skills to the poor. Recent studies have indicated that in many cases of urban poor, it is not the shelter, but 'secured employment' is at the top of the perceived marginalisations. This being the case, that instead of confining the urban antipoverty programmes only to shelter upgradation, the planners should have evolved a multi-faceted approach as is being done to combat poverty in the rural areas. In the case of the latter, the strategy has four broad plans, viz., (i) Increased Productivity in agriculture and allied vocations in which the poor are mostly found engaged (Integrated Rural Development Scheme); (ii) Expansion of Employment opportunities (National Rural Employment Programme, Programme for Train-

ing of Rural Youth for Self Employment); (iii) Assets redistribution and social reform (Land Ceiling and Tenancy Enactments, Abolition of Bonded Labour); (iv) Provision of improved access to the infrastructure facilities (House sites and construction assistance to the rural landless labour, drinking water in the problem villages, mother and child care extension, adult education scheme, etc). The point for submission is that it would be too much to expect the housing schemes to provide succours against the marginalisations suffered by the urban poor on various fronts. An appreciation of the limitations could go in a long way to sharpe the focusn of the shelter schemes. For this to be facilitated, involved personnel have to be equipped through appropriate training, to perceive the intractable inter-relation among different facts of urban poverty and the contributions that could be expected from the housing development.

The second major area of design deficiency is the one arising from the failure to incorporate a proper mix of physical and social inputs. A close look at the schemes under discussion indicates the Planners' obsession to find solutions to the problems faced by the urban poor living in slums and squatter settlements purely in physical terms, i.e., creation of new physical facilities or upgrading the existing ones. Attention, thus is bestowed more on the neighbourhood problems created by the slums and squatter settlements than on the factors creating these settlements. This seeming indifference to latter aspect has led some to comment that slums and squatter settlements are the urban poor's own answer to the planner's failure to find solutions to their shelter needs. This apart, the attempts to find solutions largely in terms of physical improvements have, at times, led to the unintended effects. Most conspicuous among them are as under:

- (a) Decision dilemmas over the extension of the schemes to cover different categories of slums and squatter population. As already explained, it is not always an easy choice whether to effect improvements in a squatter settlement or opt for its clearance, keeping in view the long-term development needs of the neighbourhood.
- (b) Shelter upgradation resulting in the fall of the incomes of the clients: A recent study on Delhi's resettlement programme has indicated that after resettlement, a good percentage of families suffered a sharp income fall as the colonies were located at far off places from the city centre depriving them of their secondary sources of employment such as women working house maids<sup>4</sup>, etc.
- (c) Disproportionate incidence of new expenditures: Unlike in the

<sup>4</sup>Girish Misra and Rakesh Gupta, *Resettlement Policies in Delhi*, Indian Institute of Public Administration, New Delhi, 1980, p. 130.

case of squatter settlements, where inhabitants could get an access to various public services (though meagre) almost free of cost, the people who are settled under the sites and services scheme have to pay the loan instalments, water charges, etc. More than that, they are put to a lot of inconvenience in the matter of transport to their work place. To illustrate an instance of giving scant attention to the relation between the location of work place and residence, we may cite the case of Faridabad. In a survey of the Industrial Zone of that town in the year 1980, it was observed that a good percentage of squatters had their own houses in the HUDA developed EWS and LIG colonies in the township proper. They were forced to live in the squatter settlements near their work places as they had to keep to odd hour work shifts<sup>5</sup>.

(d) Truncated planning norms reducing the employment generation potential of the housing. Reduced service norms in respect of the shelter schemes for the poor are recommended primarily to keep down the costs and thus make them affordable to the clients. But it is the considered view of the systems analysts, that unless the quality of housing, i.e., structural and service facilities that go along with it, are steadily improved, it may not be possible to exploit the employment potential of the sector. It may be noted that employment generation is one of the basic objectives of planning in India.

All these again suggest the need for training in the areas of systems analysis and project formulation.

The third major design deficiency seems to arise from the 'Income' criterion for determining the coverage. Identification of clients solely on the basis of income is fraught with problems, because a large number of the urban poor earn their livelihood from informal sector vocations wherein the income flows fluctuate a great deal. Unlike in the case of those employed in the formal sector organisations, there are no records or other objective evidence by which their incomes could be correctly assessed. The pre-implementation demand surveys may help in the collection of some income data, but those surveys are highly fallible. At present, no attempts are made to regularly compile and analyse the data in respect of the existing and potential clients of the development schemes in question, so that the design parameters could be constantly up-dated. One of the difficulties faced in deciding the coverage is, whether the basis has to be family income or the income of the head of

<sup>5</sup>Syndicate Report of the Participants in IIPA's Training Course on Urban Project Appraisal, 1984 (mimeo).

the household. A more serious decision problem is in picking up the families among the squatters for resettlement under the subsidized public housing. It is generally observed that the slum and squatter populations are highly heterogeneous in the matter of income distribution. In the Delhi study<sup>6</sup> referred earlier, it is observed that 39 per cent of the slum population has income of Rs. 250 p.m. or Rs. 300 p.m. or below, 41.7 per cent has income in the range Rs. 301-500 p.m.; 15.56 per cent has income in the range of Rs. 501-750 p.m.; 4.13 per cent has income in range of Rs. 750-1000 p.m. and 1 per cent has income over Rs. 1,000 p.m. Thus nearly two-thirds of the slum and squatter population would not strictly come under the classification of urban poor (with monthly income of Rs. 350 or below at (1975-76 prices). Incidentally, the data highlight the point that the marginalisation on urban housing front are not always on account of the poor incomes position of the families. It being the case, the point for consideration is whether the administration could really pick up some sections of the slum and squatter population on the basis of their reported incomes for provision of subsidized public housing, making others to fend for shelter on their own. Reliance on income criterion for coverage is also found to cause administrative difficulties in the matter of guarding against the appropriations by the well-to-do sections of the public housing meant for the poor. Studies have shown that all sections of the urban population, irrespective of their income classification, display very high demand for public services be it in the field of housing, in water supply, electric supply or public transport; but the availability of those service always falls far short of the demands indicated. Therefore the tightening of the administrative regulations may not be able to entirely curtail the misappropriations. One of the suggestions is to make the housing scheme for poor less attractive for the higher income sections by considerably reducing the service norms therein, but the long-term implications of such move have already been explained. The problems indicated above, however, clearly suggest the need for detailed data analysis before choosing the options available. Towards this end the personnel have to be trained in the collection of relevant data and in the generation of information required for the project formulation and monitoring of the schemes' implementation.

While on the subject of design improvements, mention may be made of two developments which may have far reaching implications. The first is the successful experimentation in some of the major shelter upgradation schemes for the urban poor such as the Arambakkam Scheme in Madras, wherein provision has been made for the construction of work centres, other facilities, so that the clients could have supplemen-

<sup>6</sup>Girish Misra and Rakesh Gupta, *op. cit.*, p. 139.

itary sources of income. The innovation, which is still to pick up momentum, represents a realisation that working for the improvements of the incomes of the clients is a better method of making the shelter schemes affordable than to attempt at cost reductions through subsidized inputs. The second important development is the just announced Self Employment Programme for the urban poor. As the proposal is still in then preliminary stage, it would be premature to make any guess about its impact on the shelter programmes. But one possibility could be easily visualised. New scheme could be used to build an army of skilled work force of house builders for quickening the pace of house construction. Though everybody talks about house construction as an important source of employment generation, no serious attempt has so far seem to have been made to assess that potential. Here it may be mentioned that except for the decennial Census, there is no other source by which one could know the number of people engaged in house constructions and the trends therein. Even the Census classification is a very broad one as it covers not only the house construction workers, but also those engaged in building the roads, bridges, etc. The data available from the other sources such NBO, NSS on house constructions is very cursory and far in between. In the literature one rarely comes across comprehensive studies on the subject in the Indian context. It is, therefore, not surprising that some-misconceptions exists about the training needs of the man power engaged in house construction. One such is the assumption made under the Sites and Services scheme that once the core structure is provided to the client, then he would be able to make additions to it either with his own labour or that of his relatives and friends. In a study conducted among the Ahmedabad construction worker<sup>7</sup> it is observed that house construction calls for specialised skills of many forms. Nearly 66 per cent of the labour required is that of the specialists and that only 33 per cent of the labour is purely manual requiring no special skills. It is also observed in the study that only a negligible, i.e., 3.2 per cent of the skilled workers acquired the skills under formal training arrangements. In the case of traditional crafts such as carpentary, masonary, the skills were passed on from the parents to the children and that in the case of modern trades such as electrician, plumbers, the skills were acquired through the hard process of work experience, where-in exploitation of the trainees is not uncommon. Though many building trades are covered under the perview of the Apprentices Act 1961, not many could take advantage of the facility because of the lax enforcement of that Act. These findings clearly suggest the need for the preparation of a compre-

<sup>7</sup>K.K. Subrahmanyam, B.R. Veena, Bhanumati K. Parikh, *Construction Labour: A Study in Ahmedabad*, Concept, New Delhi, 1981.

hensive Manpower Plan with focus on the housing construction activity, so that the proposed training programmes for self employment and shelter could be so formulated to gain optimum advantages under both.

#### TRAINING AREAS

In addition to the project formulation, there are three other major areas on which the training may have to be focused for efficient implementation of the shelter schemes for the poor. They are, inter agency coordination, community participation and savings mobilisation. As already explained, the implementation of the schemes suffered a great deal on account of the inadequate coordination between various field agencies responsible for different component activities such as land acquisition, land development, house constructions, provision of water and sewerage supply, electricity and finally the operation and maintenance of the sanitation, etc. Coordination problems are found to arise mainly because of each agency pursuing its mandate quite independently of the others. The framework envisaged in the City Master Plans is grossly inadequate to ensure required inter-agency coordination, as the financing arrangements in respect of different agency activities differed. In addition to above the studies have indicated that the personnel engaged at the field level usually do not have sufficient knowledge and appreciation of the activities performed by other agencies. The information gaps could be helped to be filled-in through the appropriate training to the personnel of the involved agencies.

As regards the community participation, the shelter schemes for poor recently executed in Hyderabad, Ahmedabad and Visakhapatnam have demonstrated that active involvement of the clients in the project formulation and implementation stages could help to bring down the project costs, ensure cost recovery and proper maintenance of the newly created public facilities<sup>8</sup>. Encouraged by the experience in the above schemes, the Government of India, with the active cooperation of UNICEF, has launched a New Scheme during the Seventh Five Year Plan, called 'Urban Basic Services'. The object of this scheme is to prepare the (urban poor) communities for collective self help action. The strategy evolved is to extend some social inputs such as extension of Mother and Child Care, Training of Women in New crafts, etc., along with the creation of physical infrastructure facilities, so that the communities are sufficiently motivated to work for the improvement of their housing environment. No specific financial allocations, however, have been made and the envisaged improvements are hoped to be secured from the

<sup>8</sup>Planning Commission, Task Force on Housing and Urban Development, Report III, *Management of Urban Development*, op. cit.

public programmes already in vogue in respect of the services concerned. The scheme is still in the pilot stage of implementation and as such it is difficult to foresee what new light it is going to throw on future training needs of the personnel. One thing, however, could be stated without hesitation that for the public servants to be sufficiently sensitised to the needs and aspirations of the poor, they need training in social work techniques. The acquisition of skills is difficult to come forth through work experience in the procedure oriented government offices.

The importance of the third area of training, viz., "savings mobilisation" is on account of the fact that "self help" financing is going to be the dominant feature of the housing development in the country for many years to come. As already explained, direct public financial participation in housing development is very limited. This is largely true even in case of shelter for the poor. Future housing constructions are envisaged to be accomplished through mobilisation of larger volumes of household savings for the purpose. As part of this strategy the Seventh Plan proposed the establishment of a National Housing Bank with a wide network of regional and field agencies to mobilise savings also to effect loans to the individual house builders. It is also proposed that the organisational structure and work procedures of these field agencies would be varied according to conditions available in different locations. Thus this is a new and a challenging area for future training.

#### ORGANISATION OF TRAINING AT DIFFERENT LEVELS

After broadly indicating the important areas where the management capabilities in respect of the Shelter Programmes for the poor need to be strengthened, the discussion may now be turned to the next aspect, viz., the organisation of training for the different levels in the administrative hierarchy. The relevant levels here are the neighbourhood, city and the state (and all India) administrations. The nature of training the subjects to be focused, frequency and duration of training, etc., differ according to the functional responsibilities expected to be discharged at the above three levels. The training at the national and state levels, has to have the focus on policy aspects, while the emphasis of training at the neighbourhood level is to impart new skills for better performance of the tasks at that level. In a paper of present nature, it is not possible to go into details, but it may be stated that the designing of the training programmes has to be preceded by an assessment of existing position, the number of staff, their qualifications, experiences, the future scenario of the tasks that they would be required to perform, etc. In the process due weightage has also be given to three parameters. The first is the vertical as well as horizontal integration. The object of the vertical integration,

is to ensure that functionaries at all the levels of the organisation have a correct appreciation of the organisational goals and the strategies adopted for accomplishing them. The horizontal integration in training is for securing inter-agency coordination, i.e., functionaries of different organisation, who are required to pool their efforts at different levels, coming to know each others' responsibilities and limitations. The second parameter to be noted is that the training by itself may not help to secure the desired impact unless it is corroborated with suitable reforms in the organisational structure and the work procedures. The third parameter is that the training has to be an integral part of the personnel development framework to sufficiently motivate the trainees.

#### FACILITIES FOR TRAINING

Finally, we may move to the Institutions that could impart the projected training. Here a distinction has to be made between the basic (or pre-employment) and the in-service (post employment) training. The former is needed to be met by the Educational Institutions such as the College of Engineering, Town Planning and Architecture, Schools of Social Work, Institutes for Technical and Craft men training, etc. Some of the needs could also be met by strict enforcement of the Apprentice Act, 1961. The Institute of Applied Manpower Research, New Delhi, has carried out a number of studies on the future educational requirements in different fields. Unfortunately, they could not so far take up one with focus on housing. It is hoped that this gap would soon be filled. As regards the in-service training, the facilities are at present largely limited to the short duration training courses offered by the IIPA's Centre for Urban Studies, the Regional Centres for Urban and Environmental studies at Hyderabad and Lucknow, All India Institute of Local Self-Government, Bombay, National Institute of Urban Affairs, New Delhi, Town and Country Planning Organisation, New Delhi, Institute of Human Settlements, New Delhi and Institute of Management at Ahmedabad, Calcutta and Bangalore, various state governments, Institutes for Training in Public Administration. These training courses are designed mostly for the senior state and city level urban managers. Moreover, their number in a year is very small in comparison to the personnel to be covered. As regards the training requirements of the personnel at the middle and lower levels, it seems to be more or less left uncatered. The importance of building the management capabilities at the cutting edge level is well recognised. The accomplishment of any public development scheme would in the ultimate analysis be judged by the field level workers' ability to deliver the services and how the clients perceive the provision of these benefits. Referring to the inadequate arrangements to train the field level agencies, the Planning Commission's

Task Force on Housing and Urban Development (Report on Urban Management) admitted it to be a major policy gap. The Task Force Group has also observed that it would be too much to expect the required skills improvements to be acquired through the work experience process at that level. Thus this lacuna need to be corrected. Since the number of technicians, para professionals engaged in the shelter upgradation programmes in the major urban areas run into hundreds it is difficult to conceive and organise training programmes for them at the states level. The work has to be necessarily undertaken at the city/organisation level itself. Some of the major organisations like CMDA, DDA, Bombay Municipal Corporation, now have their own training wings to cater to the training needs of employees working at the levels of Supervisors, Inspectors, etc. Similar arrangements to cater to the training needs of the Field level functionaries of the municipal bodies, urban development authorities, etc., in the smaller towns, need to made, preferably at the headquarters of the districts concerned. As already mentiond, the assumption of the sites and services schemes is that once a client is provided with a serviced plot with core structure, he would be sufficiently motivated to make additions to that structure over time either with his own labour or hiring others with his savings. But the clients may not be possessing any construction skills or capabilities to manage construction with hired labour. Similar is the case with the assumption about clients forming into community action groups to supervise the operation and maintenance of the community facilities. All these call for imparting special skills to the clients through appropriate extension programmes. The Bill could be effectively filled by involving the local voluntary agencies. But the volunteers themselves may be requiring training in new skills, so that they could pass on them to the clients. It is, therefore, suggested, that the training envisaged at the field level should be so formulated to cover in its fold the training needs of the community leaders and functionaries of the Local Voluntary Bodies as well. □

## *Book Reviews*

*Slum and Social System*, R.N. THAKUR AND M.S. DHADAVE, New Delhi, Archives Publishers, 1987, p. 176, Rs. 170.00.

Inspired by a micro-level study of slums in a medium size city of Gulbarga in Karnataka, the authors—two social scientists—have ventured on this book which looks at slums from a different angle. The angle of social structure of slums, particularly with regard to employment, status, income, educational levels, aspirations and attitudes to slum life. The study is not a mere survey of the socio-economic background of the slum dwellers but it plunges into its sociological dimensions.

Such studies have been recently undertaken by the Council for Social Development, New Delhi as evaluators of Hyderabad Slum Improvement Project for more than two hundred slums in Hyderabad funded by UK Government under ODA programme. The UK Government also propose to consider a similar project for Indore Development Authority in Madhya Pradesh. The projects not only analyse, finance and evaluate the physical and demographic conditions but more than that, lay stress on the social and anthropological facades of the slums. Such type of evaluation studies will provide local, state and central government officials at decision-making levels with adequate data to take suitable measures to tackle the emerging problems of slums. This is all the more important when we find that 350 million people live in such abject poverty that they cannot perform an adequate day's work for lack of sufficient calorie energy. In the sphere of housing about 45 per cent of entire urban population lives in type of housing which is to be found in squatter colonies. Almost the whole of urban India is not only already blighted by slums but is likely to continue to be so in the coming decades. To top it all, the population growth rate which now has appeared to level off at 2.1 per cent annually, is sufficient to double India's 800 million population every 31 years. The effect of such a proliferation in the field of shelter is only obvious—namely, we are going to have more of slums and shanty towns for the over-whelming majority of our population. It is in light of this background that the governments should view such studies as useful for future planning.

The authors take us through an interesting discussion "towards a

general theory of slums" and ultimately provide us with a well thought out and reasoned definition of a slum in Indian context. "The Slum", they say is "the product of the socio-economic and cultural conditions of a particular social system inhibiting the physical, mental, moral and social development of the individual; conditioned by congestion, over crowding, dilapidation, insanitary conditions, lack of facilities of health, water, sewerage, latrine, rendering to a sub-standard living by incapacitating the individual to develop, and participate directly in the activities of the wider community life of the city". Whatever may be, the other limitations of the book, enunciating the definition as out-lined above, by itself is no mean achievement, specially when one views the same in context of what has been attempted earlier.

Tracing the historical perspective of Gulbarga alongwith the pace of urbanisation at global, national, state and city level, the authors acknowledge that "the problem of medieval town, like other, historical problems, is one of fact finding" and that the same is the "problem with Gulbarga city". "It is only through the census reports of 1951 to 1981, and maps of the city that we can formulate pattern of the growth of the city". The population of Gulbarga according to census was 29,228 in 1901 which increased to 53,551 in 1941 and reached 1,45,598 in 1971. As per 1981 census, its population was 2,18,621. Due to inadequate development of infrastructure, housing and formal economic base, Gulbarga is pock-marked with 30 slums accommodating four thousand families. These slums, by and large, comprise of homogeneous groups—people belonging to the same caste or religion or by people coming from same region. Even large, heterogeneous slums have smaller homogeneous groups based on kinship relations, occupation or caste.

The study has been based on the survey of 200 sample slum households spread over 18 slums of Gulbarga and the chapter on "Social Aspect of Slum Life" assiduously records, amongst other things, the rural-urban composition, native place of respondents, age and sex composition, educational, linguistic, religious, caste, occupation and other characteristics of slums—thus placing before the reader the entire panorama of the social aspects of slum dwellers in Gulbarga. But by far the most exciting chapter is the one dealing with social institution and social mobility in the slum. The types and size of families, the institution of marriage, reactions to adoption of family planning methods, occupational patterns and the income they yield, the children and their schooling and interesting revelations about political awareness explode many myths about the slum dwelling and provide a rare insight in the slum life. Some important observations are listed below:

1. The family life in the slum is generally stable.
2. Monogamy is the common form of marriage.

3. Inter-caste marriages are rare.
4. Religious and social organisations provide a close tie in the lives of slum dwellers.
5. The political participation of the slum dwellers is only limited to exercising votes and identifying the parties and their symbols.
6. Most of the slum dwellers have a common habit of pan and tobacco chewing, smoking, drinking liquor and gambling. These habits are generally formed during adolescence through company of friends and neighbours.
7. Social mobility among the slum dwellers is low since they are segregated on the basis of caste and the channels of vertical mobility are limited.
8. Socio-psychological and economic conditions prevailing amongst the slum dwellers alienate them from the wider social life.

Thus these are identifiable reasons that create distance between the slum dwellers and the rest in a city and the linkages of slum dwellers with the organised economic life, political life and educational life of the city are at the marginal level. Improving physical infrastructure is only one aspect that the government lays stress upon. It is high time that we pay adequate attention to socio-economic, health, nutrition and economic aspects of the slum life. The ODA assisted and UK Government funded slum improvement projects in Andhra Pradesh and Madhya Pradesh are the pace-setters.

The field work in the Gulbarga study was carried out in the years 1977-79. At best these studies can be considered as base surveys. It will be of great interest to carry out similar studies once again to find out what time has done to these slums. Even in UK Government funded projects in Hyderabad where evaluation studies were carried out during 1985-86, unless the same are repeated again after the socio-economic and environmental inputs have been provided—we will never be any wiser and the base-line studies will reveal only one time picture that existed in the past. One hopes the authors will continue work in this direction and even augment the same by producing anthropological studies which will provide even deeper insight in the life pattern of slum-dwellers. Since National Housing Policy now lays stress on 'affordable' housing and more than 40 per cent of our population lives below the poverty-line and can therefore 'afford' only hunger, living in slums is going to be a way of life. The least that the governments should do is to encourage such studies which reveal what best can be achieved within governments' own 'affordability'.

—H.U. BILANI

*Solid Waste Management*, H.U. BIJLANI, New Delhi, Arnold Publishers, 1987, p. 75, Rs. 75.00

The expansion of our cities and towns generates myraid problems: one of them is the proliferation of all types of garbage that should be regularly collected and properly disposed. It is an exceedingly important problem because the non-collection or inappropriate disposal of garbage not only leads to visual squalor and environmental degradation, it can be a serious health hazard. Besides, it creates public nuisance. In many countries of the industrially developed world, garbage is considered to be a "solid asset" and a large variety of items are increasingly being recycled and reprocessed. Except for paper, bottles and cans, our record is not too good. We have heard stories of the proverbial rags-to-the-riches. Recently, the *Time* magazine (November 23, 1987) published an interesting piece on how valuable a business can urban refuse be, particularly in a metropolitan city. In year 1986, more than 102 billion cans were produced in the USA. Of these, an estimated 69 billion cans were for soft-drinks and beer. Interestingly enough, as many as 33.4 billion of these were retrieved for recycling. In India, of course, recycling of paper, bottles and cans is popular. However, as paper-bags are being replaced by plastic bags, the ultimate disposal of the non-biodegradable substances would pose a serious problem in years to come. But more than container, it is the solid waste produced by the households that is a major problem for our burgeoning towns and cities.

And yet like many other problems, almost all our cities are suffering in varying degrees due to lack of policy and management culture concerning solid wastes generated in our cities and their satisfactory disposal. Only a few books are available because there are few individuals who really know the subject or have taken its study seriously. *Solid Waste Management* by H.U. Bijlani is, therefore, a welcome addition to a long-neglected subject. It is a useful and timely publication because most of the Indian cities cannot automatically adopt the western technology as we have neither the resources nor the means of the affluent societies. Indeed, solid waste management has to be developed that is specifically appropriate to our peculiar situation and requirements.

The book, *Solid Waste Management* is the spin-off of a case study of Durg-Bhilai sponsored by the Government of Madhya Pradesh under the aegis of their special Area Development Authority (SADA) set up in September 1976. The author organised a solid waste management programme and its effectuation by the local municipal authorities. The approach, however, is more practical than academic and, therefore,

would be of use to many other cities and towns in framing their own projects for the collection and disposal of solid waste.

Till 1955, Bhilai was an unknown sleepy village not unlike thousands of them in the district of Durg which itself was created as an administrative unit of Madhya Pradesh in its Chhattisgarh region. Although it has been known for its rich iron ore deposits since 1887, it was only in September, 1954 when the Central Government took a decision to establish a modern steel plant with the assistance of the USSR. The actual site for the steel plant and its new township was identified in March 1955 with the provision to produce initially one million tonnes of steel. The construction was taken up immediately and, within 4 years the plant was operational (February 1959). Along with it, a well-planned and serviced town, Bhilai Steel City came into being. Its initial capital cost till 1984 was less than Rs. 60 crore including land, land development and infrastructure. However, while the new steel town was well planned and rather well cared, like other new steel townships, e.g., Rourkela, Durgapur and Bokaro, the development and generation of the economic activity in the new township attracted a far greater number of people in ancillary trades and activities that are now euphemistically called "the informal sector". In retrospect, it is difficult to imagine that neither the planners nor the top decision makers and politicians thought of the so-called "service population", that despite substantial investments in the factory and the factory town, this vital section of people which is inevitably attracted to the so-called "greenfield sites" were never considered as a vital component of the planning equation. As such, together with the planned township which had, as of 1981, around 125000 persons, the adjoining informal township had an estimated population of over 5 lakh spread over an area just under 500 sq. km. Of course, under the Madhya Pradesh Town and Country Planning and Special Area Development Authority certain areas were declared as "planning areas and or special areas" respectively. Nevertheless a very few of the essential municipal services including water supply and sanitation were provided. This naturally led to large scale proliferation of sub-standard and slum conditions. Ironically now the so-called informal settlement are four times the size of planned steel cities.

According to the author, in the year 1979 there used to be "only 64 handpumps for the entire area which has gone up to more than 400 out of which at least 10 per cent provided piped water supply". The problem of sanitation including drainage along with solid waste accretion and its ultimate disposal are, therefore, some of the more important problems that are facing the so-called informal city. The book mentions that "proliferation of vectors such as rats, mice, vultures and pigs near the garbage disposal sites is common site and presents extreme health hazard", besides large quantities of putrifying garbage is found lying in

several locations more or less uncontrolled and whenever people burn these, it results in acrid smells creating intense pollution of the atmosphere...Even the ground water has been affected. The author has studied the problem in depth and after estimating the amount of waste generated, has suggested a scientific method of collection by dividing the entire area of 480 sq. km. into 17 units. Detailed statement of the various units and the population served has been indicated as also the name of localities, area in hectares as also the various neighbourhoods to be serviced under the proposed scheme. The methodology developed in estimating the total quantity of waste has been clearly amplified, while another statement gives the position of the various forms of waste generated, and how could these be dealt with.

While the book is neither a manual for the solid waste management, nor can it be applied blindfolded to other cities, nonetheless the methodology developed by the author can serve as a prototype. Undoubtedly, the book is one of the pioneering efforts in the long neglected field of solid waste management. As many of our cities including the planned townships are to undergo further expansion in the following decades, adequate attention should be paid to this problem and appropriate programmes should be worked out for garbage disposal and solid waste management. The example provided by the book is worth emulating, for it covers almost all the relevant topics including the possible alternatives, cost comparisons and the methods of garbage collection and their scientific disposal including the development of compost plants and, wherever possible, the feasibility of developing sanitary landfill sites. The book also deals with the important aspect of maintenance and training of personnel which again is an aspect generally forgotten by our municipal administration.

It is a compact book, quite easy to follow and has only 75 pages. The cost at Rs. 75 per copy is a bit too high. One wishes the author had illustrated the case-study with a few maps and charts for that would have greatly enhanced its practical utility. But for these minor shortcomings, the book deals with a subject that is rarely discussed and seldom properly appreciated in our Seminars and Workshops. It should be a compulsory reading for the municipal officers and for the students of urban management.

—SAYED S. SHAFI

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